

**GREATER TORONTO AREA INTERGROUP
(O/A GTA INTERGROUP)
Financial Statements**

December 31, 2022
(Unaudited)



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the members of Greater Toronto Area Intergroup (O/A GTA Intergroup):

We have reviewed the accompanying financial statements of Greater Toronto Area Intergroup (O/A GTA Intergroup) which comprises the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on these financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many charitable organizations, the Organization derives revenues from donations, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess or deficiency of revenues over expenses, and cash flows for the years ended December 31, 2022 and 2021, and assets and net assets as at December 31, 2022 and 2021.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Greater Toronto Area Intergroup (O/A GTA Intergroup) as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Sone Rovet Chasson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Toronto, Ontario
June 21, 2023

GREATER TORONTO AREA INTERGROUP

Statement of Financial Position

As at December 31, 2022

(Unaudited)

	2022	2021
Assets		
<i>Current</i>		
Cash (note 2)	\$ 124,333	\$ 129,646
Cash - Ontario Regional Conference fund	61,707	10,003
Marketable securities (cost - \$307,663) - Prudent Reserve fund	279,756	256,138
Accounts receivable (note 3)	8,683	13,535
Inventory	30,025	32,472
Prepaid expenses	5,166	5,606
Prepaid expenses - Ontario Regional Conference fund	9,877	-
	519,547	447,400
Restricted cash (note 4)	2,041	2,024
Property and equipment (note 5)	8,045	10,331
	\$ 529,633	\$ 459,755
Liabilities		
<i>Current</i>		
Accounts payable and accrued liabilities (note 3)	\$ 24,343	\$ 19,061
Deferred revenue - Ontario Regional Conference fund (note 6)	49,305	-
Current portion of obligation under capital lease (note 7)	1,728	1,728
	75,376	20,789
Obligation under capital lease (note 7)	5,760	7,488
	81,136	28,277
Net Assets		
General fund	146,462	165,337
Ontario Regional Conference fund	22,279	10,003
Prudent Reserve fund	279,756	256,138
	448,497	431,478
	\$ 529,633	\$ 459,755

Approved on behalf of the Operating Committee

Operating Committee Member

Operating Committee Member

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Statement of Changes in Net Assets

Year Ended December 31, 2022

(Unaudited)

	2022	2021
General Fund		
Balance at beginning of year	\$ 165,337	\$ 172,630
Transfers to Prudent Reserve fund (note 8)	(40,000)	(47,000)
Transfers to Ontario Regional Conference fund (note 8)	(15,000)	-
Excess of revenue over expenses for year	36,125	39,707
Balance at end of year	\$ 146,462	\$ 165,337

	2022	2021
Ontario Regional Conference Fund		
Balance at beginning of year	\$ 10,003	\$ 8,672
Transfers from general fund (note 8)	15,000	-
Excess (deficiency) of revenue over expenses for year	(2,724)	1,331
Balance at end of year	\$ 22,279	\$ 10,003

	2022	2021
Prudent Reserve Fund		
Balance at beginning of year	\$ 256,138	\$ 219,963
Transfers from general fund (note 8)	40,000	47,000
Deficiency of revenue over expenses for year	(16,382)	(10,825)
Balance at end of year	\$ 279,756	\$ 256,138

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Statement of Operations

Year Ended December 31, 2022

(Unaudited)

	General Fund	Ontario Regional Conference Fund	Prudent Reserve Fund	2022	2021
Sales	\$ 126,343	\$ -	\$ -	\$ 126,343	\$ 78,405
Cost of sales					
Inventory, beginning	32,472	-	-	32,472	38,172
Purchases	76,218	-	-	76,218	40,805
	108,690	-	-	108,690	78,977
Less: inventory, ending	(30,025)	-	-	(30,025)	(32,472)
	78,665	-	-	78,665	46,505
Gross margin	47,678	-	-	47,678	31,900
Other income (recovery)					
Donations	158,705	-	-	158,705	153,129
Ontario Regional Conference	-	2,318	-	2,318	3,286
Investment	-	-	505	505	20,007
Miscellaneous	(283)	-	-	(283)	4,975
	158,422	2,318	505	161,245	181,397
Gross earnings	206,100	2,318	505	208,923	213,297
Expenses					
Amortization	2,286	-	-	2,286	846
Bank charges and interest	2,866	-	-	2,866	2,842
Casual labour	-	-	-	-	691
Committees	2,756	-	-	2,756	2,167
Computer	6,052	-	-	6,052	3,431
Equipment leases	366	-	-	366	5,336
General and office	12,300	-	-	12,300	5,230
Gratitude	2,643	-	-	2,643	2,576
Insurance	2,042	-	-	2,042	1,971
Ontario Regional Conference (note 9)	-	5,042	-	5,042	1,955
Professional fees	17,873	-	-	17,873	18,843
Rent	52,733	-	-	52,733	49,458
Salaries and benefits	68,058	-	-	68,058	56,906
	169,975	5,042	-	175,017	152,252
Excess (deficiency) of revenue over expenses before change in fair value of investments	\$ 36,125	\$ (2,724)	\$ 505	\$ 33,906	\$ 61,045
Change in fair value of investments	-	-	(16,887)	(16,887)	(30,832)
Excess (deficiency) of revenues over expenses	\$ 36,125	\$ (2,724)	\$ (16,382)	\$ 17,019	\$ 30,213

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Statement of Cash Flows

Year Ended December 31, 2022

(Unaudited)

	2022	2021
Operating activities		
Excess of revenue over expenses for year	\$ 17,019	\$ 30,213
Items charged to operations but not requiring an outlay of cash:		
Amortization	2,286	846
Gain on disposal of investments	(505)	(20,007)
Change in fair value of investments	16,887	30,832
Changes in non-cash operating items:		
Accounts receivable	4,852	(3,766)
Inventory	2,446	5,700
Prepaid expenses	(9,438)	(2,671)
Accounts payable and accrued liabilities	5,284	(12,835)
Deferred revenue	49,305	-
	88,136	28,312
Financing activities		
Increase in obligation under capital lease	-	9,504
Repayment of obligation under capital lease	(1,728)	(288)
Investing activities		
Purchase of property and equipment	-	(9,504)
Purchase of investments	(40,000)	(46,999)
	(40,000)	(56,503)
Increase (decrease) in cash	46,408	(18,975)
Cash position at beginning of year	141,673	160,648
Cash position at end of year	\$ 188,081	\$ 141,673

Cash position is comprised of cash, cash - Ontario Regional Conference fund and restricted cash.

(see accompanying notes)

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2022

(Unaudited)

Purpose of Organization

Greater Toronto Area Intergroup (the "Organization") was registered as a Charitable Organization on January 1, 1967. The Organization is a coordinating body that supports the 12 step work of AA groups in the Toronto area, providing a point of contact between individual groups, members, the public and the still suffering alcoholic.

Basis of Presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

1. Significant Accounting Policies

a) *Basis of accounting*

The Organization uses the accrual method of accounting in recognizing revenues and expenses.

b) *Fund accounting*

Ontario Regional Conference Fund - The Ontario Regional Conference fund has been established with internal restrictions to cover the costs of the annual Ontario Regional Conference.

Prudent Reserve Fund - The Prudent Reserve fund has been established with internal restrictions to provide the Organization with liquid assets to cover 12 months of general operating expenses plus 50% of the anticipated costs of the annual Ontario Regional Conference. As at December 31, 2022, the Operating Committee feels the balance in this fund is sufficient to meet this requirement.

c) *Property and equipment*

Property and equipment purchased by the Organization are recorded at cost and those donated to the Organization are recorded at their fair market value at the date of acquisition when a fair market value can reasonably be determined. If the fair market value of the contributed asset can not be determined, it is recorded at a nominal value. The amount of contributed property and equipment during the year was \$nil (2021 - \$nil).

d) *Amortization*

The Organization amortizes property and equipment as follows:

Computer hardware	- 20% per annum, straight line basis
Equipment under capital lease	- straight line basis over the term of the lease

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2022

(Unaudited)

1. Significant Accounting Policies (continued)

e) *Inventory*

Inventory is valued at the lower of average cost and net realizable value, with cost being determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. When the reversal of previously written down inventories is recognized, this reversal is recognized in the statement of operations. The cost of inventories includes the purchase price plus any duties and transportation costs.

f) *Revenue recognition*

Revenue from the sales of inventory is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods.

Donations and miscellaneous income are recognized on a cash basis, with no accrual being made for amounts pledged but not received.

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from conference is recognized upon completion of the event.

Investment income is recognized on an accrual basis. The unrealized gain or loss on investments, being the difference between book value and fair value, is included in investment income in the statement of operations. Dividend income is recorded on the ex-dividend date. Interest income is recognized when earned.

g) *Donated services and materials*

Numerous individuals donate services and materials in the administration of the Organization, the implementation of its programs and the up keep of its property and equipment. Due to the difficulty in determining fair value of these contributions, they are not recorded in the financial statements.

h) *Investment transactions*

Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis.

i) *Foreign currency translation*

The financial statements are expressed in Canadian dollars. Transactions in foreign currencies are translated at the rate in effect on the transaction date. Monetary assets and liabilities in foreign currencies have been adjusted to reflect the exchange rate in effect at the end of the year. Non-monetary assets and liabilities are carried at historical rates of exchange. Gains or losses resulting from such translations are reflected in the statement of operations.

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2022

(Unaudited)

1. Significant Accounting Policies (continued)

j) Use of estimates

The preparation of the financial statements requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant items subject to such estimates and assumptions include the estimated useful life of property and equipment, allowance for doubtful accounts and net realizable value of inventory. Actual results could differ from those estimates.

k) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

l) Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments which are quoted in an active market. Financial assets measured at amortized cost include cash, accounts receivable and restricted cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

m) Government Assistance

Government assistance for current expenses is deducted from the related expense in the statement of earnings.

2. Cash

	2022	2021
Cash	\$ 104,333	\$ 129,646
Guaranteed investment certificate earning interest at a rate of 3.75% per annum, maturing March 24, 2023	20,000	-
	\$ 124,333	\$ 129,646

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

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(Unaudited)

3. Government Receivables and Remittances

Accounts receivable for the general fund and Ontario Regional Conference fund includes government remittances refundable of \$1,120 (2021 - \$912) in respect of sales taxes.

Accounts payable and accrued liabilities include government remittances payable of \$Nil (2021 - \$1041) in respect of payroll taxes.

4. Restricted Cash

Restricted cash in the amount of \$2,000 (2021 - \$2,000) is held by the Organization's bank as collateral for credit card debt.

5. Property and Equipment

	Cost	Accumulated Amortization	Net Book Value	
			2022	2021
Computer hardware	\$ 5,925	\$ 5,368	\$ 557	\$ 1,115
Equipment under capital lease	9,504	2,016	7,488	9,216
	\$ 15,429	\$ 7,384	\$ 8,045	\$ 10,331

6. Deferred Revenue

The Organization will hold the 2023 Ontario Regional Conference event in person. As a result, they received \$49,305 for the tickets purchased for the period from October 1, 2022 to December 31, 2022 and classified as deferred revenue.

7. Obligations Under Capital Lease

Obligations under capital lease are secured by the leased equipment, bearing interest at 0% per annum, maturing no later than April 2027, with future minimum payments as follows:

	2022	2021
2022	\$ -	\$ 1,728
2023	1,728	1,728
2024	1,728	1,728
2025	1,728	1,728
2026	1,728	1,728
2027	576	576
Total minimum lease payments	7,488	9,216
Less: current portion	1,728	1,728
	\$ 5,760	\$ 7,488

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2022

(Unaudited)

8. Interfund Transfers

The amount transferred from the General fund to the Prudent Reserve fund was \$40,000 (2021 - \$47,000) to be used for investment activities and was approved by the Operating Committee.

The amount transferred from the General fund to the Ontario Regional Conference fund was \$15,000 (2021 - \$nil) to be used for events activities and was approved by the Operating Committee.

9. Ontario Regional Conference Expenses

The Ontario Regional Conference expenses are \$5,042 (2021 - \$1,955) and consist of the following amounts:

	2022	2021
Audio visual	\$ 1,020	\$ 534
General operations	4,022	3,007
Travel (recovery)	-	(1,586)
	<u>\$ 5,042</u>	<u>\$ 1,955</u>

The Organization entered into agreements with the venue of the 2023 and 2024 Ontario Regional Conference guaranteeing certain minimum guest room and food and beverage commitments. The 2023 minimum guest room requirement is 437 room nights over the duration of the conference at \$209 per room, whereas the food and beverage commitment is \$35,000. The 2024 minimum guest room requirement is 716 room nights over the duration of the conference at \$215 per room, whereas the food and beverage commitment is \$54,000. Based on historical attendance to this annual conference, the Operating Committee expects these minimums to be met and as a result, does not expect any loss to the Organization.

10. Government Assistance

During the year, the Organization received and recorded as a reduction of salaries and benefits \$nil (2021 - \$11,088) from the Canada Emergency Wage Subsidy Program (CEWS).

11. Lease Commitments

The Organization is committed under a lease for its office premises to July 31, 2027. The minimum lease payments for the next five years are as follows, indexed to inflation.

2023	29,015
2024	29,015
2025	29,015
2026	29,015
2027	<u>16,926</u>
Total	<u>\$ 132,986</u>

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2022

(Unaudited)

12. Income Taxes

The Organization is registered as a charitable organization and, accordingly, is not subject to income tax provided certain guidelines under the Income Tax Act are complied with.

13. Financial Instruments

a) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk on the accounts receivable from its customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. At December 31, 2022 the allowance for doubtful accounts was \$nil (2021 - \$nil). There has been no change to the risk exposure from 2021.

The Organization has credit risk relating to cash, which it manages by dealing with a large Canadian chartered bank. The Organization's cash carrying value is \$188,081 (2021 - \$141,673), representing the maximum exposure to credit risk to these financial assets. All of the Organization's cash was held by one financial institution. There has been no change to the risk exposure from 2021.

b) *Liquidity risk*

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from its members. There has been no change to the risk exposure from 2021.

c) *Market risk*

i) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is exposed to foreign currency fluctuations on its foreign currency denominated cash and accounts payable. Such foreign currency fluctuations could cause a variation in earnings. The foreign currency denominated accounts that have been converted into Canadian dollars can be summarized as follows:

	2022		2021
U.S. denominated net assets (liabilities)	\$ 8,607	\$	(4,307)

There has been no change to the risk exposure from 2021.

GREATER TORONTO AREA INTERGROUP

Notes to Financial Statements

December 31, 2022

(Unaudited)

13. Financial Instruments (continued)

ii) Other price risk

The Organization's investments expose the Organization to price risks as the fixed income investments are subject to price changes in an open market. At December 31, 2022, the Organization had fixed income investments with a fair market value of \$279,755 (2021 - \$256,138), that could be affected by market price fluctuations. There has been no change to the risk exposure from 2021.