

New Circles Community Services

Financial statements

August 31, 2025



**Shape the future
with confidence**

Independent auditor's report

To the Members of
New Circles Community Services

Opinion

We have audited the financial statements of **New Circles Community Services** [the "Charity"], which comprise the statement of financial position as at August 31, 2025, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at August 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Toronto, Canada
November 26, 2025

Chartered Professional Accountants
Licensed Public Accountants

New Circles Community Services

Statement of financial position

As at August 31

	2025	2024
	\$	\$
Assets		
Current		
Cash	609,776	252,590
Short-term investments <i>[note 3]</i>	176,378	1,720,518
Accounts receivable	398,246	133,585
Prepaid expenses	89,109	89,623
Total current assets	1,273,509	2,196,316
Capital assets, net <i>[note 4]</i>	599,959	167,142
	1,873,468	2,363,458
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	44,668	82,856
Deferred contributions <i>[note 5]</i>	144,692	392,664
Total current liabilities	189,360	475,520
Deferred capital contributions <i>[note 6]</i>	88,814	111,306
Deferred rent	167,006	96,673
Total liabilities	445,180	683,499
Commitments <i>[note 8]</i>		
Net assets		
Unrestricted	1,218,288	1,149,959
Internally restricted <i>[note 7]</i>	210,000	530,000
Total net assets	1,428,288	1,679,959
	1,873,468	2,363,458

See accompanying notes

On behalf of the Board of Directors:


Brenda McNeill, Chair


Sandra Chiu, Treasurer

New Circles Community Services

Statement of operations

Year ended August 31

	2025	2024
	\$	\$
Revenue		
Grants and donations <i>[note 5]</i>	2,538,147	1,971,264
Event fees and sponsorships	167,634	173,720
Amortization of deferred capital contributions <i>[note 6]</i>	22,492	16,597
Interest income	47,371	97,032
	2,775,644	2,258,613
Expenses		
Salaries and employee benefits	1,422,824	1,339,933
Premises	793,543	354,232
Programs and purchases of goods for disbursing	390,089	320,446
General and administrative	179,794	139,541
Fundraising	76,344	126,486
Professional fees	61,065	21,522
Amortization of capital assets	103,656	35,901
Deficiency of revenue over expenses for the year	3,027,315	2,338,061
	(251,671)	(79,448)

See accompanying notes

New Circles Community Services

Statement of changes in net assets

Year ended August 31

	2025		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Net assets, beginning of year	1,149,959	530,000	1,679,959
Deficiency of revenue over expenses for the year	(251,671)	—	(251,671)
Transfer from internally restricted net assets [note 7]	320,000	(320,000)	—
Net assets, end of year	1,218,288	210,000	1,428,288

	2024		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Net assets, beginning of year	1,239,407	520,000	1,759,407
Deficiency of revenue over expenses for the year	(79,448)	—	(79,448)
Transfer to internally restricted net assets [note 7]	(10,000)	10,000	—
Net assets, end of year	1,149,959	530,000	1,679,959

See accompanying notes

New Circles Community Services

Statement of cash flows

Year ended August 31

	2025	2024
	\$	\$
Operating activities		
Deficiency of revenue over expenses for the year	(251,671)	(79,448)
Add (deduct) items not involving cash		
Accrued interest income	(1,378)	(45,518)
Amortization of capital assets	103,656	35,901
Amortization of deferred capital contributions	(22,492)	(16,597)
Rent amortization	70,333	93,506
	<hr/>	<hr/>
Net change in non-cash working capital balances related to operations	(101,552)	(12,156)
Cash used in operating activities	<hr/>	<hr/>
	(550,307)	(59,306)
	<hr/>	<hr/>
	(651,859)	(71,462)
Investing activities		
Net sale of investments	1,545,518	248,667
Purchase of capital assets	<hr/>	<hr/>
Cash provided by investing activities	<hr/>	<hr/>
	(536,473)	(112,071)
	<hr/>	<hr/>
	1,009,045	136,596
Net increase in cash during the year	<hr/>	<hr/>
Cash, beginning of year	357,186	65,134
Cash, end of year	<hr/>	<hr/>
	252,590	187,456
	<hr/>	<hr/>
	609,776	252,590

See accompanying notes

New Circles Community Services

Notes to financial statements

August 31, 2025

1. Formation of New Circles Community Services and nature of operations

Circle of Warmth Community Services was incorporated without share capital on August 18, 2005, under the *Canada Corporations Act*. On July 12, 2007, its name was changed to New Circles Community Services [the “Charity”]. The Charity has continued under the *Canada Not-for-profit Corporations Act*.

The Charity is a registered charity under the *Income Tax Act* (Canada) and, while registered, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The objective of the Charity is to accept gifts and disburse these gifts to relieve need and poverty by providing clothing, training, job search assistance and other settlement services to individuals in need, with particular emphasis on newcomers to Canada residing in the Greater Toronto Area.

2. Summary of significant accounting policies

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting, “Accounting Standards for Not-for-Profit Organizations”*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies described below.

Revenue recognition

The Charity follows the deferral method of accounting for contributions, which include grants and donations. Grants are recorded in the accounts when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Capital assets

The following capital assets are recorded at cost and are amortized over their estimated useful lives using the declining balance method at the following annual rates:

Computer equipment	30%
Furniture and office equipment	20%

Leasehold improvements are amortized on a straight-line basis over the term of the premise lease.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Charity’s ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Contributed materials and services

The Charity benefits from substantial services in the form of volunteer time and donations of materials. Since the value of these donated services and materials cannot be readily determined, they are not recorded in these financial statements.

New Circles Community Services

Notes to financial statements

August 31, 2025

Financial instruments

Investments consist of guaranteed investment certificates, initially recorded at fair value plus transaction costs and subsequently measured at amortized cost using the straight-line method less any provision for impairment.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

3. Short-term investments

As at August 31, 2025, short-term investments consist of cashable guaranteed investment certificates that earn variable interest at 2.50% and mature on May 8, 2026.

4. Capital assets

Capital assets consist of the following:

	2025 \$	2024 \$
Computer equipment	209,888	204,616
Leasehold improvements	621,266	166,233
Furniture and office equipment	93,948	93,948
	<hr/> 925,102	<hr/> 464,797
Less accumulated amortization	325,143	297,655
Net book value	599,959	167,142

5. Deferred contributions

Deferred contributions include grants and donations, and represent unspent resources externally restricted for program expenses in future years. Changes in the deferred contributions balance are as follows:

	2025 \$	2024 \$
Deferred contributions, beginning of year	392,664	405,321
Amounts received during the year	1,288,486	1,024,804
Amounts transferred from deferred capital contributions <i>[note 6]</i>	—	24,694
Less amounts recognized as revenue during the year	1,536,458	1,062,155
Deferred contributions, end of year	144,692	392,664

New Circles Community Services

Notes to financial statements

August 31, 2025

6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations received for the purchase of capital assets. Amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2025 \$	2024 \$
Deferred capital contributions, beginning of year	111,306	152,597
Transferred to deferred contributions <i>[note 5]</i>	—	(24,694)
Amortization of deferred capital contributions	(22,492)	(16,597)
Deferred capital contributions, end of year	88,814	111,306

Included in deferred capital contributions are unspent funds of \$76,500 [2024 – \$85,000].

7. Internally restricted net assets

Annually, the Board of Directors determines the amount, if any, to be transferred between unrestricted and internally restricted net assets. During the year, the Board approved a transfer of \$320,000 from internally restricted to unrestricted net assets [2024 – \$10,000 from unrestricted to internally restricted net assets]. As at August 31, 2025, \$210,000 [2024 – \$530,000] of internally restricted net assets is dedicated to specific needs, including future capital expansion and emergency funds.

8. Commitments

The Charity has future minimum lease payment obligations under operating leases as follows:

	\$
2026	244,350
2027	264,713
2028	293,220
2029	303,401
2030	317,655
Thereafter	1,236,004
	2,659,343