

**Applegrove Community Complex
Financial Statements**

December 31, 2006

Grant Thornton 

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Auditor's Report

**To the Council of the Corporation of the
City of Toronto, the Committee of Management and
Board of Directors of the Applegrove Community Complex**

We have audited the balance sheet of the **Applegrove Community Complex** as at December 31, 2006 and the statements of revenue and expenditure, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards, those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Complex derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Complex and we were not able to determine whether any adjustments might be necessary to donations, surplus, assets and liabilities.

In our opinion, except for the effect of adjustment, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Complex as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
March 21, 2007

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

Applegrove Community Complex

Balance Sheet

December 31 2006 2005

Assets

Current

Cash and short term investments	\$ 101,319	\$ 92,772
Receivables - City of Toronto	24,252	31,577
- Other	6,084	8,123
Prepays	<u>848</u>	<u>4,888</u>
	132,503	137,360

Long term

Receivable - City of Toronto	<u>117,345</u>	<u>106,041</u>
	\$ 249,848	\$ 243,401

Liabilities

Current

Payables and accruals		
City of Toronto - Excess funding	\$ -	\$ 19,252
Other	<u>43,714</u>	<u>38,268</u>
	43,714	57,520
Deferred revenue	<u>5,520</u>	<u>9,100</u>
	49,234	66,620

Long term

Unamortized employee benefit actuarial gain (Note 4)	11,837	12,913
Employee benefit payable (Note 4)	<u>111,710</u>	<u>99,149</u>
	123,547	112,062
	<u>172,781</u>	<u>178,682</u>

Net Assets

Restricted program funds (Page 10)	61,612	41,695
Unrestricted program funds	<u>15,455</u>	<u>23,024</u>
	77,067	64,719
	\$ 249,848	\$ 243,401

Approved on behalf of the Board of Directors

_____ Director _____ Director

See accompanying notes to the financial statements.

Applegrove Community Complex

Statement of Revenue and Expenditure and Net Assets

Year Ended December 31

2006

2005

Program revenue

Grants

City of Toronto	\$ 133,044	\$ 124,503
Province of Ontario	5,318	7,976
Government of Canada	39,736	31,417
Other grants	<u>34,864</u>	<u>60,396</u>

212,962 224,292

Fundraising **62,661** 34,827

Program and membership fees **22,448** 23,602

298,071 282,721

Program expenditures

Salaries and wages	178,214	161,807
Employee benefits	36,709	36,582
Materials and supplies	48,867	43,787
Purchase of services	<u>21,933</u>	<u>20,263</u>

285,723 262,439

Excess of revenue over expenditures - Program **12,348** 20,282

Administration expenditures

Salaries and wages	224,511	199,651
Employee benefits	48,327	40,186
Materials and supplies	9,465	11,509
Purchase of services	<u>72,078</u>	<u>67,314</u>

354,381 318,660

Funds provided by City of Toronto **352,844** 317,129

Interest and other revenue **1,537** 1,531

354,381 318,660

Excess of revenue over expenditures **12,348** 20,282

Net assets, beginning of year **64,719** 44,437

Net assets, end of year \$ **77,067** \$ 64,719

See accompanying notes to the financial statements.

Applegrove Community Complex

Statement of Cash Flows

Year Ended December 31	2006	2005
Increase (decrease) in cash and short term investments		
Operating activities		
Excess of revenue over expenditures	\$ 12,348	\$ 20,282
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	7,325	(13,228)
- Other	2,039	5,689
Prepays	4,040	(4,339)
Long term receivable - City of Toronto	(11,304)	(7,673)
Payables - City of Toronto	(19,252)	6,521
Payables and accruals	5,446	(694)
Deferred revenue	(3,580)	(18,061)
Long term employee benefits payable	<u>11,485</u>	<u>8,101</u>
Net increase (decrease) in cash and short term investments	8,547	(3,402)
Cash and short term investments, beginning of year	<u>92,772</u>	<u>96,174</u>
Cash and short term investments, end of year	\$ <u>101,319</u>	\$ <u>92,772</u>

See accompanying notes to the financial statements.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2006

1. Establishment and operations

Non-profit corporation

Applegrove Community Complex (the "Complex") was incorporated in 1979 as a corporation without share capital and registered as corporation #417388 under the Ontario Corporations Act.

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 - 0448 dated June 26, 1995 to reflect Chapter 25 of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established the addition to S.H. Armstrong Recreation Centre together with certain classrooms of the Duke of Connaught Public School and the office of the Woodfield Road Public School as a Community Recreation Centre under the Community Recreation Centres Act, known as Applegrove Community Complex (Complex).

The Municipal Code provides for a Council appointed Committee which, among other matters, shall:

- (a) endeavour to manage and control the premises in a reasonable and efficient manner, in accordance with standard good business practices; and
- (b) pay to the City of Toronto (the "City") any excess of administration expenditure funds provided by the City in accordance with its approved annual budget, but may retain any surplus from program activities.

Committee of management

At the Annual Meeting on March 31, 2005, the Complex amended its constitution to specify that the Committee of Management would function as a Standing Committee of the Board of Directors for the non-profit corporation.

2. Financial statements

The Municipal Code requires that audited annual financial statements be submitted by the Committee of Management for the Complex to the City covering the management and control of the premises by the Committee. Because the Committee of Management is a Standing Committee of the Board of Directors for the Corporation as a whole, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the Applegrove Community Complex as a whole, including the operations of the Committee of Management.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2006

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the accounting policies summarized below:

Revenue recognition

The Complex follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions not expended are deferred and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital assets. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contribution on the balance sheet. Rental and similar revenues are recognized on the date of the performance or event.

Capital assets

Purchased capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives.

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Use of estimates

The preparing of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. For example, the employee benefits liabilities and related costs charged to the statement of revenue and expenditures depend on certain actuarial and economic assumptions. Estimates and assumptions are based on the Complex's best information and judgment and may differ significantly from actual results.

Employee related costs

The Complex has adopted the following policies with respect to employee benefit plans:

- (a) the Complex's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are made; and
- (b) the costs of other employee benefits are determined by an independent actuary using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2006

4. Employee benefits

The Complex participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its employees. Under the sick leave plan for management and one program staff, unused sick leave can be accumulated and employees may become entitled to a cash payment when they leave the Complex's employment. The actual liability for these accumulated days is \$35,944 and represents the extent to which they have vested and could be taken in cash by an employee on terminating. The Complex also provides health, dental, accidental disability and death, life insurance and long term disability benefits to employees. The same health, dental, accidental disability and death and life insurance benefits are provided to management retirees until age 65 and reduced benefits thereafter.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as of December 31, 2002 and has been extrapolated to provide the accrued benefit obligation as of December 31, 2006. The 2002 actuarial valuation has resulted in an actuarial gain of \$16,141 which is being amortized on a straight-line basis over 15 years, being the expected average remaining service life of the employees.

Information about the Complex's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2006</u>	<u>2005</u>
Sick leave benefit plan	\$ 35,944	\$ 31,627
Post-retirement benefits	<u>75,766</u>	<u>67,522</u>
	111,710	99,149
Add: Unamortized actuarial gain	<u>11,837</u>	<u>12,913</u>
Employee benefit liability	\$ <u>123,547</u>	\$ <u>112,062</u>

The continuity of the accrued benefit obligation during 2006 is as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 112,062	\$ 103,961
Current service cost	7,776	7,469
Interest cost	6,368	5,725
Amortization of actuarial gain	(1,076)	(1,076)
Expected benefits paid	<u>(1,583)</u>	<u>(4,017)</u>
Balance, end of year	\$ <u>123,547</u>	\$ <u>112,062</u>

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2006

4. Employee benefits (continued)

Administrative expenditures in 2006 relating to employee benefits are not included as employee benefit expenses on the Statement of Revenue and Expenditure but are booked directly to balance sheet accounts as payable and receivable. Program expenditures in 2006 relating to employee benefits are included as employee benefit expenses on the statement of revenue and expenditure. Total benefit expenses include the following components:

	<u>2006</u>	<u>2005</u>
Current service cost	\$ 7,776	\$ 7,469
Interest cost	6,368	5,725
Amortization of actuarial gain	<u>(1,076)</u>	<u>(1,076)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>13,068</u>	\$ <u>12,118</u>

A long term receivable has resulted from recording sick leave and post retirement benefits for management staff. Funding for these costs are provided by the City as benefit costs are paid and the City is responsible for the City approved management staff benefit liabilities that may be incurred by the Complex. This amount is not included as employee benefit expenses on the Statement of Revenue and Expenditure.

The Complex also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$21,659 in 2006 (2005 - \$17,964).

5. Funds provided - City of Toronto

Funding for administration is provided by the City of Toronto equal to the Complex's budget approved by Council, or the actual funding required. The approved 2006 original administration budget and the revised budget which includes the Executive Director's retroactive salary pay are summarized as follows:

	<u>Original</u>	<u>Revised</u>
Salaries	\$ 193,140	\$ 223,014
Fringe benefits	46,260	46,260
Material and supplies	8,800	8,800
Equipment	400	400
Purchase of services	<u>67,100</u>	<u>67,100</u>
Total budget	\$ <u>315,700</u>	\$ <u>345,574</u>

The Complex approved budget for 2006 administration expenditure plus retroactive pay for the Executive Director was \$345,574 (2005 - \$323,649). The actual net administration expenditure amounts to \$352,844 (2005 - \$317,129). The over expenditure equal to \$7,269 (2005 - under expenditure \$6,520), the recorded as receivable from (2005 - payable to) the City of Toronto.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2006

6. Lease commitments

The Complex has an operating lease for office equipment (photocopier and postage meter). Minimum operating lease payments in each of the next four years are as follows:

2007	\$ 3,419
2008	3,419
2009	3,419
2010	323
2011	<u>323</u>
	\$ <u>10,903</u>

7. Educational grant held in trust*

The Complex acts as trustee for two educational grants; from PWC Canada Foundation and from Toronto Community Foundation. End of year surplus of the two grants total to *\$2,186.

Applegrove Community Complex

Schedule of Program Activities and Fundraising

Year Ended December 31, 2006

	Applegrove Drop-in	Edgewood Drop-in	HAIG Drop-in	Teen Program	Perinatal Program	Therapeutic Play	Summer Program	Fundraising	Nevada Ticket	Art Project
Revenue from programs										
Grants										
City of Toronto	\$ 94,724	\$ 17,948	\$ -	\$ 14,349	\$ -	\$ -	\$ 6,023	\$ -	\$ -	\$ -
Province of Ontario	4,670	647	-	-	-	-	-	-	-	-
Federal Government	-	-	-	-	24,004	-	12,535	-	-	-
Non-government grants	1,325	225	1,855	200	250	25,875	3,000	-	-	-
Donations	8,104	1,815	35,000	3,909	-	-	820	2,105	-	-
Fundraising	1,176	134	-	63	-	-	-	3,651	2,479	-
Membership/user fees/others	-	-	-	-	-	-	20,298	1,378	-	-
	<u>109,999</u>	<u>20,769</u>	<u>36,855</u>	<u>18,521</u>	<u>24,254</u>	<u>25,875</u>	<u>42,676</u>	<u>7,134</u>	<u>2,479</u>	<u>-</u>
Program expenditure										
Salaries	82,269	14,840	3,001	13,206	9,253	19,574	27,635	-	-	6,242
Benefit	27,298	3,924	213	888	474	1,376	1,963	-	-	440
Materials and supplies	4,328	3,126	3,894	3,042	23,454	1,357	4,556	751	375	1,233
Furniture and equipment	-	43	50	-	-	-	-	-	-	-
Purchase of services	<u>2,784</u>	<u>841</u>	<u>326</u>	<u>1,385</u>	<u>2,063</u>	<u>825</u>	<u>9,031</u>	<u>740</u>	<u>1,343</u>	<u>82</u>
	<u>116,679</u>	<u>22,774</u>	<u>7,484</u>	<u>18,521</u>	<u>35,244</u>	<u>23,132</u>	<u>43,185</u>	<u>1,491</u>	<u>1,718</u>	<u>7,997</u>
Surplus (deficit) from program activities	(6,680)	(2,005)	29,371	-	(10,990)	2,743	(509)	5,643	761	(7,997)
Contribution from Nevada/ general fundraising	-	-	-	-	3,148	-	-	-	-	-
Operating surplus (deficit), beginning of year	1,674	-	-	-	9,484	25,670	3,344	3,249	2,192	4,015
Consolidate to Board	-	1,059	-	-	-	-	-	(3,249)	-	-
Operating surplus, end of year	\$ <u>(5,006)</u>	\$ <u>(946)</u>	\$ <u>*29,371</u>	\$ <u>-</u>	\$ <u>*1,642</u>	\$ <u>*28,413</u>	\$ <u>2,835</u>	\$ <u>5,643</u>	\$ <u>2,953</u>	\$ <u>(3,982)</u>

* Restricted program funds total \$61,612 (including end of year surplus of HAIG Drop-In, Perinatal Program, Therapeutic Play Program and the two grants held in trust).