

**Board of Management for the  
Cecil Street Community Centre  
Financial Statements  
December 31, 2006**

**Grant Thornton** 

TO BE SIGNED AND  
RETURNED TO  
GRANT THORNTON

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Grant Thornton LLP  
Chartered Accountants  
Management Consultants

## Auditor's Report

To the Council of the Corporation of the  
City of Toronto and the Board of Management for the  
Cecil Street Community Centre

We have audited the balance sheet of the **Board of Management for the Cecil Street Community Centre** 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 Centre'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 Centre 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 Centre 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 Centre 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.

*Grant Thornton LLP*

Toronto, Canada  
March 2, 2007

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**Board of Management for the  
Cecil Street Community Centre  
Statement of Revenue and Expenditure**

Year Ended December 31

2006

2005

<b>Program revenue</b>		
City of Toronto grants	\$ 40,024	\$ 13,956
Federal grant	3,404	3,237
Provincial grant	3,151	-
Early Years Centre (purchase of service)	<u>21,718</u>	<u>22,560</u>
	68,297	39,753
Rentals	29,887	23,808
Fundraising	23,953	19,723
Program fees	22,077	13,850
Interest	2,822	3,169
Other income	1,687	1,790
Donations	<u>930</u>	<u>375</u>
	<u>149,653</u>	<u>102,468</u>
<b>Program expenditures</b>		
Salaries and wages	90,040	59,507
Employee benefits	9,865	7,698
Materials and supplies	20,744	16,186
Purchase of services	23,292	18,916
Amortization of program assets	<u>2,179</u>	<u>985</u>
	<u>146,120</u>	<u>103,292</u>
<b>Program surplus (deficiency)</b>	<u>3,533</u>	<u>(824)</u>
<b>Administration expenditures</b>		
Salaries and wages	394,461	348,918
Employee benefits	98,504	76,353
Purchase of services	74,904	95,581
Materials and supplies	34,457	34,413
Amortization of administration assets	-	1,852
Amortization of deferred capital contribution	<u>-</u>	<u>(1,852)</u>
	<u>602,326</u>	<u>555,265</u>
<b>Funds provided by City of Toronto</b>		
Administration (Note 6)	<u>602,326</u>	<u>555,265</u>
<b>Surplus (deficiency) of revenue over expenditure</b>	\$ <u>3,533</u>	\$ <u>(824)</u>

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See accompanying notes to the financial statements.

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**Board of Management for the  
Cecil Street Community Centre  
Statement of Changes in Net Assets**

Year Ended December 31, 2006

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	Invested in <u>Capital assets</u>	Board Designated <u>Reserve</u>	<u>Unrestricted</u>	<b>Total 2006</b>	Total <u>2005</u>
Net assets, beginning of year	\$ 2,879	\$ 45,100	\$ 6,877	\$ 54,856	\$ 55,680
Transfer to Board Designated Fund	4,375	-	(4,375)	-	-
Surplus (deficiency) of revenue over expenditure	-	-	3,533	3,533	(824)
Transfer of amortization to invested in capital assets	<u>(2,179)</u>	<u>-</u>	<u>2,179</u>	<u>-</u>	<u>2,878</u>
Net assets, end of year	<u>\$ 5,075</u>	<u>\$ 45,100</u>	<u>\$ 8,214</u>	<u>\$ 58,389</u>	<u>\$ 57,734</u>

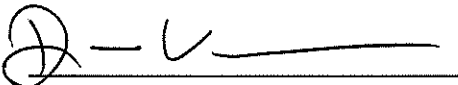
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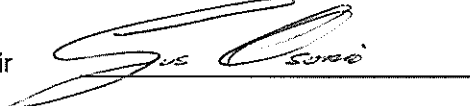
See accompanying notes to the financial statements.

# Board of Management for the Cecil Street Community Centre Balance Sheet

December 31	2006	2005
<b>Assets</b>		
Current		
Cash and short term investments	\$ 146,064	\$ 120,520
Receivables - City of Toronto	1,500	35,705
- Other	4,569	7,285
Prepaid expenses	<u>2,196</u>	<u>1,180</u>
	154,329	164,690
Long term		
Receivable - City of Toronto (Note 3)	123,231	103,050
Capital assets (Note 4)	<u>5,075</u>	<u>2,879</u>
	\$ <u>282,635</u>	\$ <u>270,619</u>
<b>Liabilities</b>		
Current		
Payables and accruals - City of Toronto	\$ 11,717	\$ 28,966
- Other	<u>80,465</u>	<u>76,534</u>
	92,182	105,500
Deferred revenue	<u>8,833</u>	<u>7,213</u>
	101,015	112,713
Long term		
Employee benefits payable (Note 3)	<u>123,231</u>	<u>103,050</u>
	<u>224,246</u>	<u>215,763</u>
<b>Net Assets</b>		
Invested in capital assets	5,075	2,879
Board designated reserve (Note 5)	45,100	45,100
Unrestricted surplus	<u>8,214</u>	<u>6,877</u>
	<u>58,389</u>	<u>54,856</u>
	\$ <u>282,635</u>	\$ <u>270,619</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

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## Board of Management for the Cecil Street Community Centre Statement of Cash Flows

Year Ended December 31 2006 2005

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Increase (decrease) in cash and short term investments

	2006	2005
<b>Operating activities</b>		
Surplus (deficiency) of revenue over expenditure	\$ 3,533	\$ (824)
Amortization of capital assets	2,179	2,837
Amortization of deferred capital contributions	<u>-</u>	<u>(1,852)</u>
	<u>5,712</u>	<u>161</u>
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	26,260	(28,499)
- Other	2,716	983
Prepays	(1,016)	2,684
Payables - City of Toronto	(9,304)	7,286
- Other	3,931	(11,638)
Deferred revenue	1,620	3,547
Long term employee benefits payable	12,236	8,852
Long term City of Toronto account receivable	(12,236)	(8,852)
Purchase of capital assets	<u>(4,375)</u>	<u>(3,598)</u>
	<u>19,832</u>	<u>(29,235)</u>
Net increase (decrease) in cash and short term investments	25,544	(29,074)
Cash and short term investments, beginning of year	<u>120,520</u>	<u>149,594</u>
Cash and short term investments, end of year	\$ <u>146,064</u>	\$ <u>120,520</u>

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See accompanying notes to the financial statements.

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# Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2006

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## 1. Establishment and operations

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 - 0448 dated June 26, 1995 to reflect Chapter 25, Community and Recreation Centre of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established the premises at No. 58 Cecil Street, Toronto, as a community centre under the authority of the Municipal Act, known as Cecil Street Community Centre (the "Centre").

The Municipal Code provides for a Council appointed Board 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.

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## 2. 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 Centre 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 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, as follows:

Computers	-	3 years straight-line
Furniture and equipment	-	5 years straight-line



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# Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2006

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## 2. Significant accounting policies (continued)

### 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. The employee benefits liabilities and related costs charged to the statement of revenue and expenses depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the Centre's best information and judgement and may change significantly with the next detailed evaluation.

### Employee related costs

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

- (a) the Centre'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 actuarially determined 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.

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## 3. Employee benefits

The Centre 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 staff with ten years of service, unused sick leave accumulates and employees are entitled to a cash payment when they leave the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and could be taken in cash by an employee upon termination, retirement or death. The Centre also provides health, dental, life insurance and long term disability benefits to employees. The same health, dental and life insurance benefits are provided to administration retirees until age 65 with 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 at December 31, 2006. The actuarial valuation has resulted in an actuarial gain of \$4,876 which is being amortized on a straight-line basis over 15 years, being the expected average remaining service life of the employees.

# Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2006

### 3. Employee benefits (continued)

Information about the Centre'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	\$ 35,943	\$ 31,627
Post-retirement benefits	<u>75,767</u>	<u>67,522</u>
	111,710	99,149
Add: Unamortized actuarial gain	<u>3,576</u>	<u>3,901</u>
Employee benefit liability	\$ <u>115,286</u>	\$ <u>103,050</u>

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

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 103,050	\$ 94,198
Current service cost	7,776	7,469
Interest cost	6,368	5,725
Amortization of actuarial gain	(325)	(325)
Expected benefits paid	<u>(1,583)</u>	<u>(4,017)</u>
Balance, end of year	\$ <u>115,286</u>	\$ <u>103,050</u>

Expenditures in 2006 relating to employee benefits are included as administration expenses on the Statement of Revenue and Expenses and 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	(325)	(325)
Less: expected benefits paid	<u>(1,583)</u>	<u>-</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>12,236</u>	\$ <u>12,869</u>

A long term receivable from the City of Toronto has resulted from the recording of administration staff benefit costs such as sick leave and post-retirement benefits. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities of administration staff that may be incurred by the Centre.

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## Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2006

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### 3. Employee benefits (continued)

The Centre also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its employees. This 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. OMERS declared a temporary contribution holiday for all active employees and participating employers between August 1, 1998 and December 31, 2002 due to significant surpluses in the plan. Contributions by employees and employer recommenced in January 2003. Employer contributions to this pension plan amounted to \$27,816 in 2006.

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4. Capital assets	2006			2005
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computers	\$ 5,685	\$ 2,769	\$ 2,916	\$ -
Furniture and equipment	<u>17,846</u>	<u>15,687</u>	<u>2,159</u>	<u>2,878</u>
	\$ <u>23,531</u>	\$ <u>18,456</u>	\$ <u>5,075</u>	\$ <u>2,878</u>

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### 5. Board Designated Reserve

In 1992, the Board created a reserve for the establishment of new and expanded programs in future years.

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# Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2006

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## 6. Funds provided by City of Toronto - administration

Funding for administrations expenses is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits, excluding those accruals for long term employee benefits, are funded by the Centre unless Council approval has been obtained for additional funding.

	<u>2006</u>	<u>2005</u>
<b>Budgeted administration expenditure:</b>		
Centre's approved budget for 2006 administration expenses was		
Salaries and benefits	\$ 483,516	\$ 442,015
Materials and supplies	38,447	37,057
Purchase of services	<u>71,157</u>	<u>74,628</u>
	<u>593,120</u>	<u>553,700</u>
<b>Actual administration expenditure:</b>		
Centre's actual administration expenses were	602,326	555,265
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(12,236)</u>	<u>(8,852)</u>
	<u>590,090</u>	<u>546,413</u>
Administration expenditure under approved budget	\$ <u>3,030</u>	\$ <u>7,287</u>

The under expenditure of \$3,030 (2005 - \$7,287) is included in accounts payable to the City of Toronto.

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## 7. Comparative figures

Certain of the prior year figures have been reclassified to conform with the current year's presentation.