

**Board of Management for the
Central Eglinton Community Centre
Financial Statements
December 31, 2006**

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
Central Eglinton Community Centre

We have audited the balance sheet of the Board of Management for the Central Eglinton 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.

Budget figures are provided for comparative purposes only and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Toronto, Canada
March 1, 2007



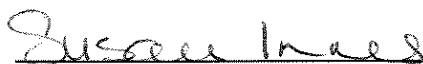
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**Board of Management for the
Central Eglinton Community Centre
Balance Sheet**

December 31	2006	2005
Assets		
Current		
Cash and short term investments (Note 3)	\$ 203,913	\$ 156,029
Receivables - City of Toronto	13,349	10,786
- Other	<u>9,777</u>	<u>10,767</u>
	227,039	177,582
Long term		
Receivable - City of Toronto (Note 4)	<u>109,542</u>	<u>94,747</u>
	\$ 336,581	\$ 272,329
Liabilities		
Current		
Payables and accruals - City of Toronto	\$ 10,977	\$ 21,325
- Other	44,926	42,753
Deferred revenue	<u>14,035</u>	<u>10,093</u>
	69,938	74,171
Long term		
Employee benefits payable (Note 4)	<u>122,828</u>	<u>108,033</u>
	192,766	182,204
Net Assets		
Program funds - Internally restricted	42,175	-
- Unrestricted	<u>101,640</u>	<u>90,125</u>
	143,815	90,125
	\$ 336,581	\$ 272,329

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Central Eglinton Community Centre
Statement of Changes in Net Assets**

Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Restricted</u>	Total 2006	Total <u>2005</u>
Net assets, beginning of year	\$ 90,125	\$ -	\$ 90,125	\$ 72,300
Surplus	53,690	-	53,690	-
Transfer to internally restricted fund	<u>(42,175)</u>	<u>42,175</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>101,640</u>	\$ <u>42,175</u>	\$ <u>143,815</u>	\$ <u>90,125</u>

See accompanying notes to the financial statements.

**Board of Management for the
Central Eglinton Community Centre
Statement of Revenue and Expenditure**

Year Ended December 31, 2006

	2006 <u>Budget</u> (Unaudited)	2006 <u>Actual</u>	2005 <u>Actual</u>
Parent/Child program revenue			
Grants			
Government of Canada	\$ -	\$ 1,635	\$ 2,339
City of Toronto	20,296	27,334	22,406
City of Toronto - Retroactive pay	-	-	1,191
	<u>20,296</u>	<u>28,969</u>	<u>25,936</u>
Program and membership fees	53,550	57,785	52,564
Membership fees	8,400	10,368	9,449
	<u>82,246</u>	<u>97,122</u>	<u>87,949</u>
Program expenditures			
Salaries and wages	59,613	71,728	60,666
Employee benefits	11,307	11,412	9,907
Materials and supplies	6,500	10,268	6,118
Purchase of services	4,800	9,233	7,223
	<u>82,220</u>	<u>102,641</u>	<u>83,914</u>
Surplus (deficiency) - Parent/Child program	<u>26</u>	<u>(5,519)</u>	<u>4,035</u>
Other program revenue			
Grants			
Government of Canada	10,500	6,376	11,314
Province of Ontario	2,000	2,951	1,944
City of Toronto	18,209	18,209	18,209
City of Toronto - Retroactive pay	-	-	1,512
	<u>30,709</u>	<u>27,536</u>	<u>32,979</u>
Fundraising and donations	34,740	78,825	35,704
Program and membership fees	93,660	87,254	81,660
Membership fees	5,950	5,270	5,440
Rental fees	1,000	795	1,290
Other	1,900	6,299	2,545
	<u>167,959</u>	<u>205,979</u>	<u>159,618</u>
Program expenditures			
Salaries and wages	76,306	76,196	72,357
Employee benefits	10,881	9,941	8,902
Materials and supplies	38,435	29,873	36,571
Purchase of services	36,060	30,760	27,998
	<u>161,682</u>	<u>146,770</u>	<u>145,828</u>
Surplus - other program	<u>6,277</u>	<u>59,209</u>	<u>13,790</u>
Administration expenditures			
Salaries and wages	340,900	363,565	343,438
Employee benefits	83,300	94,933	88,322
Materials and supplies	15,244	23,877	28,587
Purchase of services	32,056	34,957	38,610
Amortization of capital assets	-	-	1,695
Amortization of administration assets	-	-	(1,695)
	<u>471,500</u>	<u>517,332</u>	<u>498,957</u>
Funds provided by City of Toronto			
Administration (Note 6)	<u>471,500</u>	<u>517,332</u>	<u>498,957</u>
Surplus	\$ <u>6,303</u>	\$ <u>53,690</u>	\$ <u>17,825</u>

See accompanying notes to the financial statements.

**Board of Management for the
Central Eglinton Community Centre
Statement of Cash Flows**

Year Ended December 31

2006

2005

Increase (decrease) in cash and short term investments

Operating activities		
Program surplus	\$ 53,690	\$ 17,825
Amortization of capital assets	-	1,695
Amortization of deferred capital contributions	-	(1,695)
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(2,563)	891
- Other	990	(3,849)
Payables - City of Toronto	(10,348)	(10,816)
- Other	2,173	6,870
Long term account receivable - City of Toronto	(14,795)	(10,928)
Deferred revenue	3,942	(893)
Long term employee benefits payable	14,795	10,928
	<u>47,884</u>	<u>10,028</u>
Net increase in cash and short term investments	47,884	10,028
Cash and short term investments, beginning of year	<u>156,029</u>	<u>146,001</u>
Cash and short term investments, end of year	\$ <u>203,913</u>	\$ <u>156,029</u>

See accompanying notes to the financial statements.

Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2006

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 of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established part of the premises at 160 Eglinton Avenue East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Central Eglinton 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.

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

**Board of Management for the
Central Eglinton Community Centre
Notes to the Financial Statements**

December 31, 2006

2. Significant accounting policies (continued)

Deferred capital contribution

Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contribution on the balance sheet.

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 Centre's best information and judgment and may differ significantly from actual results.

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 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.

3. Cash and short term investments

Cash and short term investments include \$42,175 specifically reserved for expenditures relating to the 50+ Program only.

**Board of Management for the
Central Eglinton Community Centre
Notes to the Financial Statements**

December 31, 2006

4. 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 can accumulate 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 are 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 centre 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 last actuarial valuation was completed as of December 31, 2002 and has been extrapolated to provide accrued benefit obligations to December 31, 2006. The current year valuations have been provided by the actuary. The actuarial valuation has resulted in an actuarial loss of \$4,840 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 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	\$ 41,078	\$ 36,145
Post-retirement benefits	<u>86,590</u>	<u>77,168</u>
	127,668	113,313
Deduct: Unamortized actuarial loss	<u>4,840</u>	<u>5,280</u>
Employee benefit liability	\$ <u>122,828</u>	\$ <u>108,033</u>

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

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 108,033	\$ 97,105
Current service cost	8,887	8,535
Interest cost	7,278	6,544
Amortization of actuarial loss	440	440
Expected benefits paid	<u>(1,810)</u>	<u>(4,591)</u>
Balance, end of year	\$ <u>122,828</u>	\$ <u>108,033</u>

Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2006

4. Employee benefits (continued)

Expenditures in 2006 relating to employee benefits amounting to \$16,605 are included in administrative employee benefit expenses on the Statement of Deficit and Expenditure and include the following components:

	<u>2006</u>	<u>2005</u>
Current service cost	\$ 8,887	\$ 8,535
Interest cost	7,278	6,544
Amortization of actuarial loss	<u>440</u>	<u>440</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>16,605</u>	\$ <u>15,519</u>

A long term receivable of \$109,542 (2005 - \$94,747) 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 Centre.

The Centre also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of management and union employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employee 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 \$29,558 in 2006 (2005 - \$25,027).

5. Lease Commitments

The Centre has entered into agreements to lease office equipment which expire in 2011. Minimum amounts payable for the office equipment, in aggregate for each of the next five years are as follows:

2007	\$ 6,390
2008	6,390
2009	6,390
2010	6,096
2011	1,304

**Board of Management for the
Central Eglinton Community Centre
Notes to the Financial Statements**

December 31, 2006

6. Funds provided by the City of Toronto - administration

Funding for administration expense is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits are normally funded by the City after approval has been obtained.

	<u>2006</u>	<u>2005</u>
Budgeted administration expenditure:		
Centre's approved budget for administration expense was:		
Interim administration budget	\$ 471,500	\$ 453,900
Cost of living adjustment	26,993	9,468
Pay equity (1992 - 2002)	-	22,394
IT purchase	<u>1,500</u>	<u>900</u>
	<u>499,993</u>	<u>486,662</u>
Actual administration expenditure:		
Centre's actual administration expense was		
	517,332	498,957
Deduct: Post retirement benefits, not funded by the City until		
paid, that are included in long term accounts		
receivable - City of Toronto	<u>(14,795)</u>	<u>(10,928)</u>
	<u>502,537</u>	<u>488,029</u>
Administration expenditure (over) approved budget	\$ <u>(2,544)</u>	\$ <u>(1,367)</u>

The (over) expenditure of \$(2,544) (2005 - \$(1,367)) is included in accounts payable to the City of Toronto.