

**Board of Management for
Community Centre 55
Financial Statements
December 31, 2006**

Grant Thornton 

TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

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Auditor's Report

To the Council of the Corporation of the
City of Toronto and the Board of Management for
Community Centre 55

We have audited the balance sheet of the **Board of Management for Community Centre 55** 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 Community Centre 55 Balance Sheet

December 31 2006 2005

Assets

Current

Cash and short term investments	\$ 294,204	\$ 215,695
Receivables - City of Toronto	2,063	895
- Other	10,123	53,008
Prepays	<u>-</u>	<u>474</u>
	306,390	270,072

Long term

Receivable - City of Toronto (Note 4)	116,181	97,538
Capital assets (Note 5)	<u>16,489</u>	<u>-</u>
	\$ 439,060	\$ 367,610

Liabilities

Current

Payables and accruals		
- City of Toronto (surplus)	\$ 4,924	\$ 1,874
- City of Toronto (other)	3,447	971
- Other	<u>64,898</u>	<u>61,529</u>
	73,269	64,374


Long term

Employee benefits payable (Note 4)	116,181	97,538
Deferred capital contributions	<u>16,489</u>	<u>-</u>
	132,670	97,538

Net Assets

Unrestricted program funds	<u>233,121</u>	<u>205,698</u>
	\$ 439,060	\$ 367,610

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

**Board of Management for
Community Centre 55
Statement of Changes in Net Assets**

Year Ended December 31	2006	2005
Net assets, beginning of year	\$ 205,698	\$ 203,588
Excess of revenue over expenditures	27,423	2,110
Change in net assets invested in capital assets	<u>(83,385)</u>	<u>-</u>
Net assets, end of year	\$ <u>233,121</u>	\$ <u>205,698</u>

See accompanying notes to the financial statements.

Board of Management for Community Centre 55 Statement of Revenue and Expenditure

Year Ended December 31

2006

2005

Program revenue

Grants

Government of Canada	\$ 10,176	\$ 31,382
Province of Ontario	54,321	20,814
City of Toronto	<u>32,759</u>	<u>11,942</u>
	97,256	64,138

Donations and fundraising	138,309	134,891
Program fees	412,731	310,190
Interest	3,144	1,976
Other income	<u>7,792</u>	<u>17,466</u>
	<u>659,232</u>	<u>528,661</u>

Program expenditures

Salaries and wages	365,146	273,322
Employee benefits	53,174	37,222
Materials and supplies	140,597	137,613
Purchase of services	72,892	67,674
Amortization of program assets	-	10,720
	<u>631,809</u>	<u>526,551</u>

Excess of revenue over expenditures - Program	<u>27,423</u>	<u>2,110</u>
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Administration expenditures

Salaries and wages	399,173	355,876
Employee benefits	102,298	87,922
Materials and supplies	49,481	36,624
Purchase of services	65,813	68,179
Amortization of capital assets	8,244	-
Amortization of deferred capital contributions	<u>(8,244)</u>	<u>-</u>
	616,765	548,601
Recoveries and other revenue	<u>(2,567)</u>	<u>(6,349)</u>
	<u>614,198</u>	<u>542,252</u>

Funds provided by City of Toronto

Administration (Note 6)	<u>614,198</u>	<u>542,252</u>
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Excess of revenue over expenditures	\$ <u>27,423</u>	\$ <u>2,110</u>
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See accompanying notes to the financial statements.

Board of Management for Community Centre 55 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	\$ 27,423	\$ 2,110
Amortization of capital assets	-	10,720
Increase (decrease) resulting in changes in:		
Receivables - City of Toronto	42,885	-
- Other	(1,168)	(4,169)
Prepays	474	-
Payables - City of Toronto	3,050	(18,824)
- Other	5,845	(10,259)
Long term account receivable - City of Toronto	(18,643)	(14,295)
Long term employee benefits payable	<u>18,643</u>	<u>14,295</u>
	<u>78,509</u>	<u>(20,422)</u>
 Net increase (decrease) in cash and short term investments	 78,509	 (20,422)
 Cash and short term investments, beginning of year	 <u>215,695</u>	 <u>236,117</u>
 Cash and short term investments, end of year	 \$ <u>294,204</u>	 \$ <u>215,695</u>

See accompanying notes to the financial statements.

Board of Management for Community Centre 55 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 97 Main Street, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Community Centre 55 (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 (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. Financial Statements

The Municipal Code requires that audited financial statements be submitted by the Board of Management for Community Centre 55 to the City covering the management and control of the premises by the Board. However, the revenue and expense from programs include the operations of Ontario Corporation Number 0310527, incorporated without share capital under the name Community Centre 55, a registered charitable organization. Separate financial statements have not been prepared for this organization. Accordingly, the financial statements reflect the operations of the Board of Management and the charitable organization as a whole.

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 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.

Board of Management for Community Centre 55 Notes to the Financial Statements

December 31, 2006

3. Significant accounting policies (continued)

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

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements. In addition services such as rent and computer lease costs, provided without charge by the City, are not reported.

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.

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 administration staff, unused sick leave can accumulate and employees may become 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 on terminating.

Board of Management for Community Centre 55 Notes to the Financial Statements

December 31, 2006

4. Employee benefits (continued)

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 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 actuarial valuation has resulted in an actuarial loss of \$37,425 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	\$ 57,752	\$ 47,755
Post-retirement benefits	<u>85,874</u>	<u>79,723</u>
	143,626	127,478
Deduct: Unamortized actuarial loss	<u>27,445</u>	<u>29,940</u>
Employee benefit liability	\$ <u>116,181</u>	\$ <u>97,538</u>

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

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 97,538	\$ 83,243
Current service cost	9,997	9,602
Interest cost	8,187	7,362
Amortization of actuarial gain	2,495	2,495
Expected benefits paid	<u>(2,036)</u>	<u>(5,164)</u>
Balance, end of year	\$ <u>116,181</u>	\$ <u>97,538</u>

Board of Management for Community Centre 55 Notes to the Financial Statements

December 31, 2006

4. Employee benefits (continued)

Expenditures in 2006 relating to post-retirement and post-employment benefits are included as administration expenses on the Statement of Revenue and Expenditure and include the following components:

	<u>2006</u>	<u>2005</u>
Current service cost	\$ 9,997	\$ 9,602
Interest cost	8,187	7,362
Amortization of actuarial loss	<u>2,495</u>	<u>2,495</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>20,679</u>	\$ <u>19,459</u>

A long term receivable has resulted from recording sick leave and post retirement benefits for administration staff benefit. Funding for these costs are provided by the City as benefit costs are paid and the City is responsible for the City approved administration 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 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.

5. Capital assets

	<u>2006</u>		<u>2005</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Administration furniture, fixtures and equipment	\$ 32,529	\$ 16,040	\$ 16,489	\$ -
Program furniture and fixtures and equipment	<u>83,385</u>	<u>83,385</u>	<u>-</u>	<u>-</u>
	\$ <u>115,914</u>	\$ <u>99,425</u>	\$ <u>16,489</u>	\$ <u>-</u>

Board of Management for Community Centre 55 Notes to the Financial Statements

December 31, 2006

6. Funds provided - administration

Funding for administration expenditures is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits, other than long term employee benefits, are to be funded by the Centre unless Council approval has been obtained for additional funding.

	<u>2006</u>	<u>2005</u>
Budgeted administration expenditures:		
Centre's approved budget for administration expense was:		
Interim administration budget	\$ 564,500	\$ 521,300
Cost of living adjustment	29,791	-
Pay equity (1992 - 2002)	-	8,773
Other	<u>1,500</u>	<u>-</u>
	<u>595,791</u>	<u>530,073</u>
Actual administration expenditure:		
Centre's actual administration expense was	614,198	542,252
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(18,643)</u>	<u>(14,295)</u>
	<u>595,555</u>	<u>527,957</u>
Administration expenditure under approved budget	\$ <u>236</u>	\$ <u>2,116</u>

The under expenditure of \$236 (2005 - \$2,116) is included in accounts payable to the City of Toronto.