

**Board of Management for the
Eastview Neighbourhood Community Centre
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 the
Eastview Neighbourhood Community Centre**

We have audited the balance sheet of the **Board of Management for the Eastview Neighbourhood 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 30, 2007

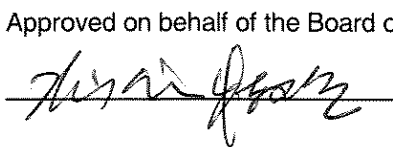
Grant Thornton LLP

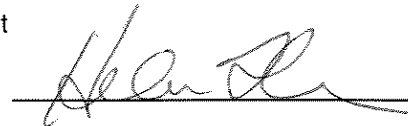
Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Eastview Neighbourhood Community Centre
Balance Sheet**

December 31	2006	2005 (Restated - Note 13)
Assets		
Current		
Cash	\$ 125,266	\$ 141,531
Short term investments	166,684	85,068
Receivables - City of Toronto	6,494	29,119
- Other	10,977	12,754
Prepaid expenses	<u>1,437</u>	<u>3,809</u>
	310,858	272,281
Long term		
Receivable - City of Toronto (Note 4)	166,287	122,992
Capital assets (Note 5)	2,612	4,528
Lottery Trust Account (Note 6)	46,693	34,548
Bursary Trust Account (Note 7)	<u>774</u>	<u>597</u>
	\$ 527,224	\$ 434,946
Liabilities		
Current		
Payables and accruals - City of Toronto	\$ 18,690	\$ 41,656
- Other	<u>47,448</u>	<u>66,720</u>
	66,138	108,376
Deferred revenue	<u>99,224</u>	<u>82,303</u>
	165,362	190,679
Long term		
Liability for employee benefit obligations (Note 4)	166,287	122,992
Lottery trust account (Note 6)	46,693	34,549
Bursary trust account (Note 7)	<u>774</u>	<u>597</u>
	379,116	348,817
Net Assets		
Invested in capital assets	2,612	4,528
Unrestricted (deficit)	31,552	(2,707)
Board designated reserve (Note 9)	<u>113,944</u>	<u>84,308</u>
	148,108	86,129
	\$ 527,224	\$ 434,946

Approved on behalf of the Board of Management

 Chair

 Vice Chair

See accompanying notes to the financial statements.

**Board of Management for the
Eastview Neighbourhood Community Centre
Statement of Changes in Net Assets**

Year Ended December 31, 2006

	<u>Invested in Capital assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total 2006</u>	Total <u>2005</u> (Restated - Note 13)
Net assets, beginning of year	\$ 4,528	\$ 84,308	\$ (2,707)	\$ 86,129	\$ 66,716
Excess of revenue over expenses	-	-	61,979	61,979	19,413
Transfers	-	29,636	(29,636)	-	-
Change in net assets invested in capital assets	<u>(1,916)</u>	<u>-</u>	<u>1,916</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>2,612</u>	\$ <u>113,944</u>	\$ <u>31,552</u>	\$ <u>148,108</u>	\$ <u>86,129</u>

See accompanying notes to the financial statements.

Board of Management for the Eastview Neighbourhood Community Centre

Statement of Revenue and Expenses

Year Ended December 31, 2006

	2006 <u>Budget</u> (Unaudited)	2006 <u>Actual</u>	2005 <u>Actual</u> (Restated - Note 13)
Program revenue			
Grants			
United Way	\$ 299,479	\$ 297,292	\$ 271,292
City of Toronto	179,304	177,075	183,526
Province of Ontario	84,572	75,749	82,441
Government of Canada	68,345	76,712	92,579
Toronto Board of Education	-	-	33,310
Foundations	<u>25,000</u>	<u>50,803</u>	<u>24,811</u>
	656,700	677,631	687,959
Donations	6,200	12,037	4,390
Funds from Massey Centre	23,280	23,528	37,379
Fundraising	76,500	42,166	53,154
Program fees	41,628	49,761	39,045
Memberships	5,000	5,194	5,747
Miscellaneous income	-	2,456	1,314
	<u>809,308</u>	<u>812,773</u>	<u>828,988</u>
Program expenditures			
Salaries and wages	498,519	456,456	517,558
Employee benefits	132,001	100,546	109,207
Materials and supplies	71,933	85,004	80,792
Purchase of services	95,593	104,848	97,742
Amortization of program assets	-	3,940	4,276
	<u>798,046</u>	<u>750,794</u>	<u>809,575</u>
Excess of revenue over expenses - program	<u>11,262</u>	<u>61,979</u>	<u>19,413</u>
Administration expenditures			
Salaries and wages	333,644	358,530	269,850
Employee benefits	83,995	79,410	58,142
Purchase of services	39,000	27,621	51,118
Materials and supplies	7,000	5,942	28,114
	<u>463,639</u>	<u>471,503</u>	<u>407,224</u>
Funds provided by City of Toronto			
Administration (Note 8)	<u>463,639</u>	<u>471,503</u>	<u>407,224</u>
Excess of revenue over expenses	\$ 11,262	\$ 61,979	\$ 19,413

See accompanying notes to the financial statements.

Board of Management for the Eastview Neighbourhood Community Centre Statement of Cash Flows

Year Ended December 31	2006	2005
		(Restated - Note 13)
Increase (decrease) in cash and short term investments		
Operating activities		
Excess of revenue over expenses	\$ 61,979	\$ 19,413
Non-cash items		
Amortization of capital assets	<u>3,940</u>	<u>4,276</u>
	65,919	23,689
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	21,798	(8,246)
- Other	1,777	6,756
Prepays	2,372	(22)
Payables - City of Toronto	(22,138)	2,468
- Other	(19,274)	1,026
Liability for current employee benefit obligations	-	(10,353)
Deferred revenue	16,921	56,604
Liability for long term employee benefit obligations	69,865	26,350
Long term City of Toronto account receivable	<u>(69,865)</u>	<u>(26,349)</u>
	<u>67,375</u>	<u>71,923</u>
Financing and investing activity		
Acquisition of capital assets - program	<u>(2,024)</u>	<u>-</u>
Net increase in cash and short term investments	65,351	71,923
Cash and short term investments, beginning of year	<u>226,599</u>	<u>154,676</u>
Cash and short term investments, end of year	\$ <u>291,950</u>	\$ <u>226,599</u>

See accompanying notes to the financial statements.

Board of Management for the Eastview Neighbourhood 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, 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. 86 Blake Street, Toronto, as a community centre under the authority of the Municipal Act, known as Eastview Neighbourhood Community Centre (the "Centre"). The authorities were reaffirmed by City Council with the new Relationship Framework document (approved 2006 09 25-27). Note that Chapter 25 will be updated and re-numbered in the new City of Toronto Act, as of 2007 01.

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 annual financial statements be submitted by the Committee of Management for the Centre to the City covering the management and control of the premises by the Committee. However, since the revenue and expenditure from programs include the operations of the **East Toronto Family Community Centre**, a registered charitable organization, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the Centre and the **East Toronto Family Community Centre** 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:

Board of Management for the Eastview Neighbourhood Community Centre

Notes to the Financial Statements

December 31, 2006

3. Significant accounting policies (continued)

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

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.

Board of Management for the Eastview Neighbourhood 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, 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. 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 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 at December 31, 2006. The actuarial valuation has resulted in an actuarial loss of \$164,954 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	\$ 92,426	\$ 81,326
Post-retirement benefits	<u>194,827</u>	<u>173,629</u>
	<u>287,253</u>	254,955
Less: Unamortized actuarial loss	<u>120,966</u>	<u>131,963</u>
Employee benefit liability	\$ <u>166,287</u>	\$ <u>122,992</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 122,992	\$ 88,396
Current service cost	19,995	19,205
Interest cost	16,375	14,723
Amortization of actuarial loss	10,997	10,997
Expected benefits paid	<u>(4,072)</u>	<u>(10,329)</u>
Balance, end of year	\$ <u>166,287</u>	\$ <u>122,992</u>

**Board of Management for the
Eastview Neighbourhood Community Centre
Notes to the Financial Statements**

December 31, 2006

4. Employee benefits (continued)

A long term receivable from the City 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 non-union administration staff 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. 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. Employer contributions to this pension plan amounted to \$43,383 in 2006.

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>
Computers	\$ 7,650	\$ 5,873	\$ 1,777	\$ 3,320
Furniture and equipment	<u>57,839</u>	<u>57,004</u>	<u>835</u>	<u>1,208</u>
	<u>\$ 65,489</u>	<u>\$ 62,877</u>	<u>\$ 2,612</u>	<u>\$ 4,528</u>

6. Lottery Trust Account

In February 1998, the Centre introduced a program of licensed weekly bingo games to provide funding for charitable work with children, youth, seniors and families. At December 31, 2006 the surplus funds on hand mounted to \$46,693 (2005 - \$34,549). Revenues were provided to the Kennedy Road Bingo Sponsors Association for accounting and distribution to all member charities in equal amounts determined from the overall proceeds. The Centre's share of proceeds are distributed to the **East Toronto Family Community Centre** and are maintained in a separate bank account.

Board of Management for the Eastview Neighbourhood Community Centre

Notes to the Financial Statements

December 31, 2006

7. Bursary Trust Account

A special trust account to assist students in pursuing post secondary school education was created in 1982 by the senior citizens' group affiliated with the Eastview Neighbourhood Community Centre. The unexpended balance was \$774 (2005 - \$597) at December 31, 2006.

8. 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>
Budgeted administration expenditure:		
Centre's approved budget for 2006 administration expenses	\$ 456,658	\$ 408,217
IT reimbursement	900	-
Transfer from 2005 deferral	<u>11,500</u>	<u>-</u>
	<u>469,058</u>	408,217
Actual administration expenditure:		
Centre's actual administration expenses	<u>471,503</u>	<u>407,224</u>
Administration expenditure (over) under approved budget	\$ <u>(2,445)</u>	\$ <u>993</u>

The over expenditure of \$2,445 (2005 - \$993 under expenditure) is included in accounts receivable/payable to the City.

9. Reserves

	<u>2006</u>	<u>2005</u>
Capital / Project Reserve	\$ 64,171	\$ 64,171
Administrative Contingency Reserve	<u>49,773</u>	<u>20,137</u>
	<u>\$ 113,944</u>	<u>\$ 84,308</u>

The Capital / Project Reserve is restricted to expenditures of a capital/project nature as approved by the Committee of Management. The Administrative Contingency Reserve consists of Committee of Management approved transfers of monies from the Centre's program surplus to provide a contingency fund for essential administrative costs. Interest earned on the reserve balance is recorded as program revenue.

Board of Management for the Eastview Neighbourhood Community Centre

Notes to the Financial Statements

December 31, 2006

10. Perinatal and Nutrition Support Program

The Centre acts as co-ordinator for the allocation of funds received from the Government of Canada to the five partners of the City of Toronto South East Coalition of Perinatal Nutrition and Support Program. During 2006 the Centre received \$198,151 from the Federal Government. The allocation of funds to each partner is approved by the coalition.

The partners, including the Centre, were allocated the following amounts:

	<u>2006</u>	<u>2005</u>
Eastview Neighbourhood Community Centre	\$ 60,375	\$ 63,894
Parents for Better Beginnings (Regent Park CHC)	42,154	40,472
Jessie's Centre for Teenagers	30,617	31,120
St. Jamestown (Hincks/Dellcrest Centre)	38,346	37,173
Applegrove Community Complex	24,004	24,434
Staff costs shared	<u>2,655</u>	<u>4,790</u>
	<u>\$ 198,151</u>	<u>\$ 201,883</u>

During the year the Centre distributed \$198,151 (2005 - \$201,883) to the Coalition partners. The Centre, as a partner, records only its share of revenue and staff costs in these financial statements.

11. Comparative figures

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

12. Operating line of credit

The Centre has a \$25,000 operating line of credit at prime plus .50%. As security, the Centre has provided all personal property of the Centre. As at December 31, 2006, the Centre has not used up any of the operating line of credit.

**Board of Management for the
Eastview Neighbourhood Community Centre
Notes to the Financial Statements**

December 31, 2006

13. Restatement of prior year's earnings and unrestricted net assets

The Centre inadvertently recorded \$11,600 of early year's program funding received from the Massey Centre as deferred in 2005. This should have been recorded as revenue. The Centre has made this change retroactively. As a result, certain amounts have been restated for the year ended December 31, 2005. These are as follows:

	<u>As previously Stated</u>	<u>Increase (Decrease)</u>	<u>As restated</u>
Deferred revenue	\$ 93,903	\$ (11,600)	\$ 82,303
Closing unrestricted (deficit)	(14,307)	11,600	(2,707)
Funds from Massey Centre	25,779	11,600	37,379