

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

**Grant Thornton** 

TO BE SIGNED AND  
RETURNED TO  
GRANT THORNTON

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## Auditors' Report

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

We have audited the balance sheet of the **Board of Management for the Harbourfront Community Centre** as at December 31, 2006 and the statements of revenue and expenditures, 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  
April 3, 2007

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# Board of Management for the Harbourfront Community Centre Balance Sheet

December 31

2006

2005

## Assets

### Current

Cash and short term investments	\$ 560,305	\$ 512,034
Receivables - City of Toronto	28,990	27,246
- Other	13,767	7,274
Prepays	-	350
	<u>603,062</u>	<u>546,904</u>

### Long term

Receivable - City of Toronto (Note 3)	204,160	193,047
Capital assets (Note 4)	<u>19,296</u>	<u>11,632</u>
	<u>\$ 826,518</u>	<u>\$ 751,583</u>

## Liabilities

### Current

Payables and accruals - City of Toronto	\$ 19,023	\$ 19,023
- Other	67,564	60,289
Deferred revenue (Note 5)	<u>95,630</u>	<u>86,207</u>
	<u>182,217</u>	<u>165,519</u>

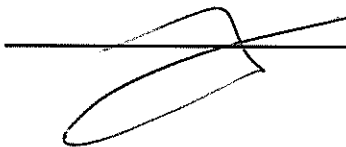

### Long term

Employee benefits payable (Note 3)	221,133	208,785
Deferred capital contributions (Note 6)	<u>4,209</u>	<u>6,994</u>
	<u>407,559</u>	<u>381,298</u>

## Net Assets

Invested in program capital assets (Note 4)	15,087	4,638
Unrestricted program funds	47,608	50,305
Reserves program funds (Note 7)	<u>356,264</u>	<u>315,342</u>
	<u>418,959</u>	<u>370,285</u>
	<u>\$ 826,518</u>	<u>\$ 751,583</u>

Approved on behalf of the Board of Management

Chair \_\_\_\_\_ Treasurer

See accompanying notes to the financial statements.

# Board of Management for the Harbourfront Community Centre Statement of Revenue and Expenditures

Year Ended December 31, 2006

	2006 <u>Budget</u> (Unaudited) (Note 8)	2006 <u>Actual</u>	2005 <u>Actual</u>
<b>Program revenue</b>			
Grants			
Government of Canada	\$ 119,076	\$ 123,971	\$ 95,523
Province of Ontario (Note 9)	-	-	19,600
City of Toronto	100,078	100,955	118,592
Other foundations/agencies	<u>30,733</u>	<u>33,644</u>	<u>11,260</u>
	249,887	258,570	244,975
Donations	10,728	13,364	16,204
Program and membership fees	92,081	76,537	68,362
Rental fees	65,000	62,625	61,891
Interest	<u>12,000</u>	<u>21,158</u>	<u>11,832</u>
	<u>429,696</u>	<u>432,254</u>	<u>403,264</u>
<b>Program expenditures</b>			
Salaries and wages	255,969	248,100	258,668
Employee benefits	36,836	30,091	28,125
Materials and supplies	93,473	72,177	64,683
Purchase of services	25,375	30,088	12,617
Amortization of program assets	-	3,124	4,898
	<u>411,653</u>	<u>383,580</u>	<u>368,991</u>
Excess of revenue over expenditures - Program	<u>18,043</u>	<u>48,674</u>	<u>34,273</u>
Administration expenditures			
Salaries and wages	690,190	690,774	647,582
Employee benefits	192,627	164,541	150,974
Materials and supplies	73,233	97,608	78,167
Purchase of services	80,537	75,286	69,699
Amortization of capital assets	-	2,785	13,494
Amortization of deferred capital contributions	-	(2,785)	(13,494)
	<u>1,036,587</u>	<u>1,028,209</u>	<u>946,242</u>
Funds provided by City of Toronto Administration (Note 10)	<u>1,028,209</u>	<u>1,028,209</u>	<u>946,242</u>
Administration excess of expenditures over revenue	<u>(8,378)</u>	-	-
Excess of revenue over expenditures - Program	<u>\$ 18,043</u>	<u>\$ 48,674</u>	<u>\$ 34,273</u>

See accompanying notes to the financial statements.

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

Year Ended December 31, 2006

	Invested in Capital assets	Internally Restricted	Unrestricted	Total 2006	Total 2005
Net assets, beginning of year	\$ 4,638	\$ 315,342	\$ 50,305	\$ 370,285	\$ 336,012
Transfer (Note 11)	-	40,922	(40,922)	-	-
Excess of revenues over expenditures	10,449	-	38,225	48,674	34,273
Net assets, end of year	\$ 15,087	\$ 356,264	\$ 47,608	\$ 418,959	\$ 370,285

See accompanying notes to the financial statements.

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## Board of Management for the Harbourfront Community Centre Statement of Cash Flows

Year Ended December 31

2006

2005

Increase (decrease) in cash and short term investments

<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 48,674	\$ 34,273
Amortization of capital assets	5,909	18,393
Amortization of deferred capital contributions	(2,785)	(13,494)
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(1,744)	(5,607)
- Other	(6,493)	2,445
Prepays	350	-
Payables - City of Toronto	-	20
- Other	7,275	8,833
Deferred revenue	9,423	24,458
Long term account receivable - City of Toronto	(11,113)	(6,764)
Long term employee benefits payable	<u>12,348</u>	<u>7,516</u>
	<u>61,844</u>	<u>70,073</u>
<b>Financing activity</b>		
Acquisition of capital assets - program	<u>(13,573)</u>	-
Net increase in cash and short term investments	48,271	70,073
Cash and short term investments, beginning of year	<u>512,034</u>	<u>441,961</u>
Cash and short term investments, end of year	\$ <u>560,305</u>	\$ <u>512,034</u>

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See accompanying notes to the financial statements.

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# Board of Management for the Harbourfront 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 of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established part of the premises at 627 Queen Quay West, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Harbourfront 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 (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

In the year of acquisition half of above rates is applied, and prorated for the number of months from date of acquisition to the end of the year.



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

December 31, 2006

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## 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.

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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 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. 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.

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

December 31, 2006

### 3. Employee benefits (Continued)

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, 2006 and has been extrapolated to provide the accrued benefit obligation as of December 31, 2006. The actuarial valuation has resulted in an actuarial gain of \$83,929 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	\$ 51,348	\$ 45,182
Post-retirement benefits	<u>108,237</u>	<u>96,460</u>
	159,585	141,642
Add: Unamortized actuarial gain	<u>61,548</u>	<u>67,143</u>
Employee benefit liability	\$ <u>221,133</u>	\$ <u>208,785</u>

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

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 208,785	\$ 201,269
Current service cost	11,108	10,669
Interest cost	9,097	8,180
Amortization of actuarial gain	(5,595)	(5,595)
Expected benefits paid	<u>(2,262)</u>	<u>(5,738)</u>
Balance, end of year	\$ <u>221,133</u>	\$ <u>208,785</u>

Expenditures in 2006 relating to employee benefits are included as employee benefit expenses for program (\$1,235) and administration (\$11,113) on the Statement of Revenue and Expenditure and include the following components:

	<u>2006</u>	<u>2005</u>
Current service cost	\$ 11,108	\$ 10,669
Interest cost	9,097	8,180
Amortization of actuarial gain	<u>(5,595)</u>	<u>(5,595)</u>
	14,610	13,254
Less expected benefits paid during the year	<u>(2,262)</u>	<u>(5,738)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>12,348</u>	\$ <u>7,516</u>

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

December 31, 2006

## 3. Employee benefits (continued)

A long term receivable of \$204,160 (2005 - \$193,047) 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. Sick leave and post retirement benefit liabilities for program staff amounted to \$16,974 (2005 - \$15,739) are the responsibility of the Centre and are not recoverable from the City.

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.

4. 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>
Program furniture, fixtures and equipment	\$ 41,086	\$ 25,999	\$ 15,087	\$ 4,638
Administration furniture, fixtures and equipment	<u>132,438</u>	<u>128,229</u>	<u>4,209</u>	<u>6,994</u>
	<u>\$ 173,524</u>	<u>\$ 154,228</u>	<u>\$ 19,296</u>	<u>\$ 11,632</u>

5. Deferred revenue	<u>2006</u>	<u>2005</u>
Government of Canada	\$ 15,555	\$ 45,722
City of Toronto	33,830	33,081
Other	<u>46,245</u>	<u>7,404</u>
	<u>\$ 95,630</u>	<u>\$ 86,207</u>

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

December 31, 2006

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## 6. Deferred capital contribution

Deferred capital contribution represents the unamortized amount of restricted grants received from the City for the purchase of capital assets for use in administrative activities. The amortization of deferred capital contribution is recorded as revenue in the Statement of Revenue and Expenditure when the associated asset is brought into service.

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7. Reserve program funds	<u>2006</u>	<u>2005</u>
Mission and Strategic Priority Reserve		
Children and Youth Reserve	\$ 58,790	\$ 58,790
Replacement of capital equipment	19,193	19,193
Special Project - community development	58,075	58,075
Special project - summer program	<u>35,000</u>	<u>-</u>
	<u>171,058</u>	<u>136,058</u>
Program administration reserve	<u>185,206</u>	<u>179,284</u>
	<u>\$ 356,264</u>	<u>\$ 315,342</u>

The Mission and Strategic Priority Reserve represents funds set aside by the Board of Management for future special projects relating to children and youth or special project initiatives, identified through strategic planning processes and for expenditures required to maintain the Centre's facility and/or for purchases of capital items not funded through other sources. The Program Administration Reserve represents funds set up to meet legal and financial obligations in the event of future funding uncertainties and legal and financial obligations for program salary and benefits not otherwise covered by city administration funds. Internally restricted net assets are not available for other purchases without approval of the Board of Management.

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## 8. Budget data

Budget data for 2006 included in these financial statements represents budgets approved by the Board of Management for the Harbourfront Community Centre.

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## 9. Provincial funds

In 2006, Provincial funds were reallocated to Other Foundation/Agency to reflect the correct status of these funds. These funds support the Parent Education Enrichment Program (PEEP) for children aged 3 ½ to 6 years old.

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

December 31, 2006

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## 10. Funds provided - administration

Funding for administration expenditures is provided by the City according to Council approved budgets. Surplus amounts in administration are payable back 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.

The Centre's approved budget for 2006 administration was \$1,013,836 (2005 - \$936,396). The actual administration expenditures amounted to \$1,028,209 (2005 - \$946,242).

The funding repayable to the City in 2006 is (\$40) (2005 - \$20).

	<u>2006</u>	<u>2005</u>
Administration grant paid by the City	\$ <u>1,013,836</u>	\$ <u>936,396</u>
Administration expenditure per financial statements	1,028,209	946,242
Less expenditures not eligible for current year funding		
Increase in vacation pay liability	(3,220)	(3,102)
Increase in sick pay liability	(4,493)	(1,453)
Increase in post retirement benefit obligations	<u>(6,620)</u>	<u>(5,311)</u>
Administration expenditure for current year funding	<u>1,013,876</u>	<u>936,376</u>
Funding allowed by the City	\$ <u>1,013,876</u>	\$ <u>936,376</u>
Funding repayable to the City	\$ <u>(40)</u>	\$ <u>20</u>

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## 11. Transfer

The Board approved the transfer of the 2006 program surplus of \$40,922 from unrestricted to internally restricted funds.