

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

**Grant Thornton** 

TO BE SIGNED AND  
RETURNED TO  
GRANT THORNTON

# Contents

	<u>Page</u>
Auditors' Report	1
Balance Sheet	2
Statement of Changes in Net Assets	3
Statement of Revenue and Expenditure	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 11

## Auditor's Report

To the Council of the Corporation of the  
**City of Toronto and the Board of Management for the  
Ralph Thornton Community Centre**

We have audited the balance sheet of the **Board of Management for the Ralph Thornton 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.

Toronto, Canada  
April 19, 2007

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# Board of Management for the Ralph Thornton Community Centre Balance Sheet

December 31 2006 2005

## Assets

### Current

Cash and short term investments	\$ 162,016	\$ 73,662
Receivables - City of Toronto	17,039	3,714
- Other	44,189	119,215
Prepays	<u>1,014</u>	<u>510</u>
	<u>224,258</u>	<u>197,101</u>

### Long term

Receivable - City of Toronto (Note 3)	121,235	97,976
Capital assets (Note 4)	<u>2,737</u>	<u>4,575</u>
	<u>123,972</u>	<u>102,551</u>

\$ 348,230 \$ 299,652

## Liabilities

### Current

Payables and accruals - City of Toronto	\$ 4,750	14,275
- Other	83,532	94,287
Deferred revenue (Note 5)	<u>67,709</u>	<u>51,162</u>
	155,991	159,724

### Long term

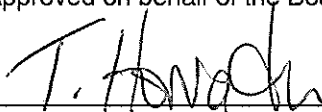
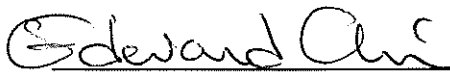
Employee benefits payable (Note 3)	<u>121,235</u>	<u>97,976</u>
	<u>277,226</u>	<u>257,700</u>

## Net Assets

Invested in capital assets	2,737	4,575
Unrestricted program funds	<u>68,267</u>	<u>37,377</u>
	<u>71,004</u>	<u>41,952</u>
	\$ <u>348,230</u>	\$ <u>299,652</u>

Subsequent event (Note 9)

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  
Ralph Thornton Community Centre  
Statement of Changes in Net Assets**

Year Ended December 31, 2006

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	Invested in <u>Capital assets</u>	<u>Unrestricted</u>	<b>Total 2006</b>	Total <u>2005</u>
Net assets, beginning of year	\$ 4,575	\$ 37,377	\$ 41,952	\$ 10,176
Excess of revenue over expenditures	-	29,052	29,052	2,291
Transfer of amortization to invested in capital assets	(1,838)	1,838	-	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,485</u>
Net assets, end of year	\$ <u>2,737</u>	\$ <u>68,267</u>	\$ <u>71,004</u>	\$ <u>41,952</u>

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See accompanying notes to the financial statements.

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**Board of Management for the  
Ralph Thornton Community Centre  
Statement of Revenue and Expenditure**

Year Ended December 31

2006

2005

**Program revenue**

Grants

Government of Canada (Note 6)	\$ 174,760	\$ 122,514
Toronto Board of Education	44,359	72,745
Foundations	37,216	47,484
City of Toronto	<u>72,163</u>	<u>73,209</u>
	328,498	315,952
Donations and fundraising	15,398	11,436
Rental fees	13,343	11,588
User fees	11,820	10,894
Other	<u>11,698</u>	<u>6,673</u>
	<u>380,757</u>	<u>356,543</u>

**Program expenditures**

Salaries and wages	236,787	226,930
Employee benefits	19,580	21,376
Purchase of services	50,658	29,860
Materials and supplies	42,842	66,348
Depreciation expense	<u>1,838</u>	<u>9,738</u>
	<u>351,705</u>	<u>354,252</u>

Excess of revenue over expenditures - Program 29,052 2,291

**Administration revenue**

Grant - administration (Note 7)	595,329	534,314
Rental income - Toronto Public Library	<u>39,365</u>	<u>39,388</u>
	<u>634,694</u>	<u>573,702</u>

**Administration expenditures**

Salaries and wages	427,303	361,997
Employee benefits	110,267	106,340
Purchase of services	76,135	76,609
Materials and supplies	<u>20,989</u>	<u>28,756</u>
	<u>634,694</u>	<u>573,702</u>

Excess of revenue over expenditures \$ 29,052 \$ 2,291

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See accompanying notes to the financial statements.

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## Board of Management for the Ralph Thornton 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>		
Excess of revenue over expenditures	\$ 29,052	\$ 2,291
Amortization of capital assets	1,838	9,738
Prior period adjustment	-	29,485
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(13,325)	7,073
- Other	75,026	(18,449)
Prepays	(504)	1,533
Long term account receivable - City of Toronto	(23,259)	(19,099)
Payables - City of Toronto	(9,525)	(7,132)
- Other	(10,755)	(30,442)
Deferred revenue	16,547	2,856
Long term employee benefits payable	<u>23,259</u>	<u>19,099</u>
	<u>88,354</u>	<u>(3,047)</u>
<b>Investment activity</b>		
Acquisition of capital assets	<u>-</u>	<u>(1,922)</u>
Net increase (decrease) in cash and short term investments	<b>88,354</b>	<b>(4,969)</b>
Cash and short term investments, beginning of year	<u>73,662</u>	<u>78,631</u>
Cash and short term investments, end of year	<b>\$ <u>162,016</u></b>	<b>\$ <u>73,662</u></b>

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See accompanying notes to the financial statements.

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# Board of Management for the Ralph Thornton 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 No. 765 Queen Street East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Ralph Thornton Community Centre ("Centre"). The City purchased the property March 2004.

The Municipal Code provides for a Council appointed Board of Management 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 asset. 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:

- Computer hardware - 3 years straight-line
- Furniture, fixtures and equipment - 5 years straight-line



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# Board of Management for the Ralph Thornton 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. In addition, costs such as computer support, provided without charge by the City, are not reported.

### Use of estimates

The preparation 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 non-union 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.

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 \$65,973 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 Ralph Thornton 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	\$ 35,944	\$ 31,627
Post-retirement benefits	<u>133,671</u>	<u>119,127</u>
	169,614	150,754
Less: Unamortized actuarial loss	<u>48,380</u>	<u>52,778</u>
Employee benefit liability	\$ <u>121,235</u>	\$ <u>97,976</u>

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

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 97,976	\$ 78,878
Current service cost	11,741	11,257
Interest cost	9,673	8,681
Amortization of actuarial loss	4,398	4,398
Expected benefits paid	<u>(2,553)</u>	<u>(5,238)</u>
Balance, end of year	\$ <u>121,235</u>	\$ <u>97,976</u>

Expenditures in 2006 relating to employee 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	\$ 11,741	\$ 11,257
Interest cost	9,673	8,681
Amortization of actuarial loss	<u>4,398</u>	<u>4,398</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>25,812</u>	\$ <u>24,336</u>

A long term receivable of \$121,235 (2005 - \$97,976) has resulted from recording sick leave and post retirement benefits for administration staff benefits. Funding for these costs are 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.

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

December 31, 2006

## 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. 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 Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware	\$ 35,569	\$ 35,569	\$ -	\$ -
Furniture, fixtures and equipment	<u>10,346</u>	<u>7,609</u>	<u>2,737</u>	<u>4,575</u>
	\$ <u>45,915</u>	\$ <u>43,178</u>	\$ <u>2,737</u>	\$ <u>4,575</u>

5. Deferred revenue	<u>2006</u>	<u>2005</u>
Government of Canada	\$ -	\$ 29,646
City of Toronto	<u>58,522</u>	9,016
Toronto Arts Council	<u>9,187</u>	-
Other	<u>-</u>	<u>12,500</u>
	\$ <u>67,709</u>	\$ <u>51,162</u>

6. Grants - Government of Canada	<u>2006</u>	<u>2005</u>
Human Resources Development Canada	\$ <u>145,114</u>	\$ 112,160
National Crime Prevention Centre	<u>29,646</u>	<u>10,354</u>
	\$ <u>174,760</u>	\$ <u>122,514</u>

## 7. Funds provided - administration

Funding for administration 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 payable to the Centre subject to Council approval.

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

December 31, 2006

<b>7. Funds provided - administration (continued)</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Budgeted Administration expenditure:		
Approved budget for 2006 administrative expenses	\$ 536,800	\$ 514,427
Retro pay for ED	30,235	-
IT funding	1,469	900
Add: Rental Income - Toronto Public Library	<u>39,365</u>	<u>39,388</u>
	<u><b>607,869</b></u>	<u><b>554,715</b></u>
Actual administrative expenditure:		
Administrative expenditures as per financial statements	634,694	573,702
Less: Post retirement benefits	<u>(23,259)</u>	<u>(19,098)</u>
Funding allowed by City	<u><b>611,435</b></u>	<u><b>554,604</b></u>
Administration expenditure (over) under approved budget	\$ <u><b>(3,566)</b></u>	\$ <u><b>111</b></u>

The over expenditure of \$3,566 in 2006 (under expenditure in 2005 - \$111) is included in accounts (receivable from) payable to the City. The over expenditure is receivable from the Centre subject to council approval.

	<b><u>2006</u></b>	<b><u>2005</u></b>
Approved administration budget	\$ 536,800	\$ 514,427
Post-retirement benefits	23,259	19,098
Retro pay for ED	30,235	-
IT funding	1,469	900
Funding receivable from (payable to) the City	<u>3,566</u>	<u>(111)</u>
Grant-administration as per financial statements	\$ <u><b>595,329</b></u>	\$ <u><b>534,314</b></u>

## **8. Lease commitments**

The minimum operating lease payments required for the operating program are as follows:

2007	\$ 15,837
2008	15,837
2009	15,837
2010	<u>11,289</u>
	\$ <u><b>58,800</b></u>

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**Board of Management for the  
Ralph Thornton Community Centre  
Notes to the Financial Statements**

December 31, 2006

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**9. Subsequent event**

The Centre has received an approval to renovate the kitchen. The total budget for the renovation is approximately \$106,000. As at December 31, 2006, the Centre has received \$50,000 which was recorded in deferred revenue. Subsequent to year-end, the Centre has spent approximately \$31,875 and received another \$30,000.