

**Board of Management for the  
Scadding Court 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  
Scadding Court Community Centre

We have audited the balance sheet of the Board of Management for the Scadding Court Community Centre as at December 31, 2006 and the statements of revenue and expenses, 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.

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 our opinion, 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 and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

*Grant Thornton LLP*

Toronto, Canada  
April 11, 2007

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**Board of Management for the  
Scadding Court Community Centre  
Statement of Revenue and Expenses**

Year Ended December 31, 2006

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	<u>2006</u> <u>Budget</u>	<u>2006</u> <u>Actual</u>	<u>2005</u> <u>Actual</u>
<b>Administration</b>			
Salaries and wages	\$ 520,079	\$ 555,252	\$ 508,661
Employee benefits	132,178	181,659	151,446
Materials and supplies	35,712	19,483	35,623
Purchase of services	56,588	29,664	31,401
Amortization of capital assets	-	5,978	3,772
Amortization of deferred capital contributions	<u>-</u>	<u>(5,978)</u>	<u>(3,772)</u>
	<u>744,557</u>	<u>786,058</u>	<u>727,131</u>
<b>Funds provided by City of Toronto</b>			
City funding - administration	<u>744,557</u>	<u>786,058</u>	<u>727,131</u>
<b>Excess of revenue over expenses</b>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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See accompanying notes to the financial statements.

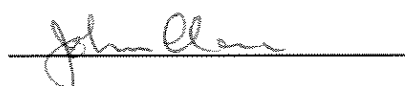
# Board of Management for the Scadding Court Community Centre Balance Sheet

December 31	2006	2005
<b>Assets</b>		
Current		
Cash	\$ 3,794	\$ 17,452
Receivables		
- City of Toronto	8,329	16,906
- City of Toronto - vacation pay	21,249	16,869
- Scadding Court Community Centre Inc.	53	25
- Other	2,998	5,221
Prepays	<u>3,855</u>	<u>391</u>
	<u>40,278</u>	<u>56,864</u>
Long term		
Receivable - City of Toronto (Note 4)	231,419	190,990
Capital assets (Note 5)	<u>15,528</u>	<u>14,471</u>
	<u>246,947</u>	<u>205,461</u>
	\$ <u>287,225</u>	\$ <u>262,325</u>

<b>Liabilities</b>		
Current		
Payables and accruals		
- City of Toronto	\$ 415	\$ 194
- Scadding Court Community Centre Inc.	5	14,890
- Vacation pay payable	21,249	16,869
- Other	<u>18,609</u>	<u>24,911</u>
	<u>40,278</u>	<u>56,864</u>
Long term		
Deferred capital contributions	15,528	14,471
Employee benefits payable	<u>231,419</u>	<u>190,990</u>
	<u>246,947</u>	<u>205,461</u>
	\$ <u>287,225</u>	\$ <u>262,325</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

# Board of Management for the Scadding Court Community Centre

## Statement of Cash Flows

Year Ended December 31	2006	2005
Increase (decrease) in cash		
<b>Operating activities</b>		
Adjustment for non-cash items:		
Amortization of capital assets	\$ 5,978	\$ 3,772
Amortization of deferred capital contributions	(5,978)	(3,772)
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	8,577	3,713
- City of Toronto - Vacation pay	(4,380)	(16,869)
- Scadding Court Community Centre Inc.	(28)	(25)
- Other	2,223	(1,986)
Prepaid expenses	(3,464)	5,174
Payables - City of Toronto	221	194
- Scadding Court Community Centre Inc.	(14,885)	14,890
- Vacation pay payable	4,380	16,869
- Other	(6,302)	(11,883)
Long term account receivable - City of Toronto	(40,429)	(31,790)
Long term employee liabilities	<u>40,429</u>	<u>31,790</u>
	<u>(13,658)</u>	<u>10,077</u>
<b>Investing activities</b>		
Acquisition of capital assets	7,035	10,865
City of Toronto financing of capital assets	<u>(7,035)</u>	<u>(10,865)</u>
	<u>-</u>	<u>-</u>
Net (decrease) increase in cash	(13,658)	10,077
Cash, beginning of year	<u>17,452</u>	<u>7,375</u>
Cash, end of year	\$ <u>3,794</u>	\$ <u>17,452</u>

See accompanying notes to the financial statements.

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# Board of Management for the Scadding Court 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 707 Dundas Street West, Toronto, as a community recreation centre under the Community Recreation Centres Act, known as Scadding Court Community Centre (the "Centre").

The Municipal Code provides for a Council appointed Committee 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.

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### 2. Financial statements

The Municipal Code required that the Committee of Management submit audited annual financial statements for the Centre to the City covering the management and control of the premises by the Committee. These financial statements reflect the operations of the Centre relating to administration expenditure funded by the City of Toronto. Effective January 1, 2002, separate financial records were established for Scadding Court Community Centre Inc., a registered charitable organization, and separate financial statements are prepared for its revenue and expenditure from programs.

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### 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

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. 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.

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

December 31, 2006

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### 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.

#### 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 judgment 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 pro-rated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.



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# Board of Management for the Scadding Court Community Centre

## Notes to the Financial Statements

December 31, 2006

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#### 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. 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 gain of \$97,395 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	\$ 87,291	\$ 76,808
Post-retirement benefits	<u>215,551</u>	<u>192,098</u>
	<b>302,842</b>	<b>268,906</b>
Less: Unamortized actuarial loss	<u>71,423</u>	<u>77,916</u>
Employee benefit liability	<b>\$ <u>231,419</u></b>	<b>\$ <u>190,990</u></b>

The continuity of the accrued benefit obligation is as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 190,990	\$ 159,200
Current service cost	21,044	20,202
Interest cost	17,266	15,516
Amortization of actuarial gain	6,493	6,493
Expected benefits paid	<u>(4,374)</u>	<u>(10,421)</u>
Balance, end of year	<b>\$ <u>231,419</u></b>	<b>\$ <u>190,990</u></b>

# Board of Management for the Scadding Court Community Centre

## Notes to the Financial Statements

December 31, 2006

### 4. Employee benefits (continued)

Expenditures in 2006 relating to employee benefits are included on the Statement of Revenue and Expenses and include the following components:

	<u>2006</u>	<u>2005</u>
Current service cost	\$ 21,044	\$ 20,202
Interest cost	17,266	15,516
Amortization of actuarial gain	<u>6,493</u>	<u>6,493</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>44,803</u>	\$ <u>42,211</u>

A long term receivable from the City has resulted from recording of staff benefits 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 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. 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. 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.

### 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	\$ 12,296	\$ 8,871	\$ 3,425	\$ 5,658
Furniture and equipment	<u>23,999</u>	<u>11,896</u>	<u>12,103</u>	<u>8,813</u>
	\$ <u>36,295</u>	\$ <u>20,767</u>	\$ <u>15,528</u>	\$ <u>14,471</u>

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

December 31, 2006

## 6. Funds provided by City of Toronto - administration

Funding for administration expenses is provided by the City according to Council approved budgets. Surplus amounts in administration are payable back to the City. Deficits, excluding those accruals for 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 expenditure:		
Centre's approved budget for 2006 administration expenses was	\$ 744,557	\$ 676,100
Add: Funding received for 2005 cost of living adjustment (COLA) for Board of Management and Program staff (2.75%)	<u>-</u>	<u>30,300</u>
	<u>744,557</u>	<u>706,400</u>
Actual administration expenditure:		
Centre's actual administration expenses were	786,058	727,131
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term account receivable - City of Toronto	(40,429)	(31,790)
Add: Acquisition of capital assets	<u>7,035</u>	<u>10,865</u>
	<u>752,664</u>	<u>706,206</u>
Administration expenditure (over) under approved budget	\$ <u>(8,107)</u>	\$ <u>194</u>

The over expenditure of \$8,107 (2005 - \$194 under expenditure) is included in accounts receivable and payable to the City for \$8,329 (2005 - \$Nil) and \$221 (2005 - \$194) respectively.