

**Board of Management for the
Swansea Town Hall Community Centre
Financial Statements
December 31, 2006**

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
Swansea Town Hall Community Centre

We have audited the balance sheet of the **Board of Management for the Swansea Town Hall 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 provided in Note 4 have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Toronto, Canada
February 9, 2007

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants

**Board of Management for the
Swansea Town Hall Community Centre
Balance Sheet**

December 31 2006 2005

Assets

Current

Cash and short term investments	\$ 27,545	\$ 72,850
Receivables - City of Toronto	4,486	1,100
Prepays	<u>1,463</u>	<u>-</u>
	33,494	73,950

Long term

Receivable - City of Toronto (Note 3)	<u>57,479</u>	<u>41,214</u>
	\$ 90,973	\$ 115,164

Liabilities

Current

Payables and accruals		
City of Toronto	\$ 12,445	\$ 15,215
Others	<u>20,274</u>	<u>58,492</u>
	32,719	73,707

Deferred revenue


775 243

Long term

Employee benefit payable (Note 3)	<u>57,479</u>	<u>41,214</u>
	\$ 90,973	\$ 115,164

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Swansea Town Hall Community Centre
Statement of Revenue and Expenses**

Year Ended December 31	2006	2005
Revenue		
Rentals	\$ 141,802	\$ 109,978
Other	2,346	704
Refreshments	2,160	1,560
Photocopier	<u>682</u>	<u>1,107</u>
	<u>146,990</u>	<u>113,349</u>
Expenses		
Salaries and wages	222,313	188,766
Purchased services	130,225	85,528
Employee benefits	52,578	47,500
Materials and supplies	<u>30,908</u>	<u>26,627</u>
	<u>436,024</u>	<u>348,421</u>
Excess of expenditures over revenue - Program	(289,034)	(235,072)
Funds provided by City of Toronto		
Administration (Note 4)	<u>289,034</u>	<u>235,072</u>
Excess of revenue over expenditures	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

**Board of Management for the
Swansea Town Hall Community
Statement of Cash Flows**

Year Ended December 31 2006 2005

Increase (decrease) in cash and short term investments

Operating activities		
Excess of expenditures over revenue	\$ (272,770)	\$ (221,578)
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(3,386)	1,300
- Other	-	336
Payables - City of Toronto	(2,770)	12,445
Prepays	(1,463)	-
Payables and accruals	(38,218)	(19,749)
Deferred revenue	532	243
Long term accounts receivable - City of Toronto	(16,265)	(13,494)
Long term employee benefits payable	<u>16,265</u>	<u>13,494</u>
	(318,075)	(227,003)
 Funds provided by the City of Toronto	 <u>272,770</u>	 <u>221,578</u>
 Net decrease in cash and short term investments	 (45,305)	 (5,425)
 Cash and short term investments, beginning of year	 <u>72,850</u>	 <u>78,275</u>
 Cash and short term investments, end of year	 \$ <u>27,545</u>	 \$ <u>72,850</u>

See accompanying notes to the financial statements.

Board of Management for the Swansea Town Hall 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 of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established part of the premises at 95 Lavina Avenue, as a community recreation centre known as Swansea Town Hall Community Centre (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, but may retain any surplus from program activities.

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

Revenues and expenses are presented using the accrual basis of accounting. Rental and similar revenues are recognized on the date of the performance or event.

Capital assets

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not reported in these financial statements. In accordance with the accounting recommendations for small not-for-profit organizations, the Centre expenses capital assets on acquisition. During 2006, capital assets expensed totalled \$29,392.

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.

Board of Management for the Swansea Town Hall Community Centre Notes to the Financial Statements

December 31, 2006

2. Significant accounting policies (continued)

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.

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 \$66,370 which is being amortized on a straight-line basis over 15 years, beginning January 1, 2003, being the expected average remaining service life of the employees.

Information about the Complex'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	\$ 25,674	\$ 22,590
Post-retirement benefits	<u>80,476</u>	<u>71,720</u>
	106,150	94,310
Deduct: Unamortized actuarial loss	<u>48,671</u>	<u>53,096</u>
Employee benefit liability	\$ <u>57,479</u>	\$ <u>41,214</u>

**Board of Management for the
Swansea Town Hall Community Centre
Notes to the Financial Statements**

December 31, 2006

3. Employee benefits (continued)

The continuity of the accrued benefit obligation is as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 41,214	\$ 27,720
Current service cost	7,359	7,059
Interest cost	6,053	5,435
Amortization of actuarial loss	4,425	4,425
Expected benefits paid	<u>(1,572)</u>	<u>(3,425)</u>
Balance, end of year	\$ <u>57,479</u>	\$ <u>41,214</u>

Expenditures relating to employee benefits are included as employee benefit expenses for administration on the Statement of Revenue and Expenses and include the following components:

	<u>2006</u>	<u>2005</u>
Current service cost	\$ 7,359	\$ 7,059
Interest cost	6,053	5,435
Amortization of actuarial loss	<u>4,425</u>	<u>4,425</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>17,837</u>	\$ <u>16,919</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 Complex.

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. Employer contributions to this pension plan amounted to \$10,347 in 2006 (2005 - \$7,997).

Board of Management for the Swansea Town Hall Community Centre Notes to the Financial Statements

December 31, 2006

4. Funds provided by the City of Toronto

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 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		
Salaries and benefits	\$ 298,284	\$ 263,923
Materials and supplies	17,800	17,300
Purchase of services	<u>73,700</u>	<u>71,500</u>
	389,784	352,723
Less: Budgeted revenue	<u>(120,000)</u>	<u>(118,700)</u>
Budgeted net City funding	<u>269,784</u>	<u>234,023</u>
Actual administration expenditure:		
Centre's actual administration expenses	436,024	348,421
Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable -		
City of Toronto	(16,264)	(13,494)
Deduct: Revenue earned	<u>(146,990)</u>	<u>(113,349)</u>
Actual net City funding	<u>272,770</u>	<u>221,578</u>
Administration expenditure (over) under approved budget	<u>\$ (2,986)</u>	<u>\$ 12,445</u>

The (over) under expenditure of \$(2,986) (2005 - \$12,445) is included in accounts payable to (receivable from) the City of Toronto.