



## STAFF REPORT INFORMATION ONLY

### Association of Community Centres (AOCCs) – Program Funding Sources

<b>Date:</b>	January 15, 2007
<b>To:</b>	Audit Committee
<b>From:</b>	Treasurer
<b>Wards:</b>	all
<b>Reference Number:</b>	P:\2007\Internal Services\ACC\ac07004acc (AFS#2685)

### SUMMARY

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When receiving the 2005 financial statements for Community Centre 55, Audit Committee requested further information regarding the funding and use of program reserves by AOCC centres. This report provides a summary of the relationship between the City and AOCC centres as defined in the Relationship Framework approved by Council on September 25, 26 and 27, 2006.

#### Financial Impact

This report has no financial impact.

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### DECISION HISTORY

AOCCs, including Community Centre 55 are Program Operating Boards appointed by Council. Auditors are appointed by the Auditor General and the annual statements are received by Audit Committee and forwarded to Council for receipt. In receiving the 2005 financial statement for Community Centre 55 at its meeting on September 20, 2006, Audit Committee directed staff to “report to the next meeting of the Audit Committee on the origin and nature of the unrestricted program funds and any policies which exist on how such funds are handled.”

## **ISSUE BACKGROUND**

At its meeting on April 14, 15 and 16, 2003, Council approved the Governance Review of Community Centres (AOCCs) and directed staff to develop operating principles and guidelines. The AOCC model is a hybrid between a City agency and an independent not-for-profit community based organization. The core administration activities are treated like a City agency and the program component is treated like an independent not-for-profit community-based agency.

## **COMMENTS**

One of the City's rationales for having AOCC Boards is to leverage funding from a variety of alternative funding sources that enable community centres to develop programs and services to meet emerging needs in their local communities. The City recognizes the need for community centres to have core administrative support and provides this support subject to the annual budget process. However, the board is responsible for securing and managing funding for programs and services (although boards are eligible to apply for City funding through Community Partnership and Investment Programs). This arrangement allows boards of management to secure support from non City sources to fund program activity.

The Relationship Framework states (Section 3.2, Matters Delegated to Boards): "The following matters have been delegated to the Boards in accordance with the provisions of the Relationship Framework:...(b) the development, funding, management and operation of community centre programs;...". Section 11.2.9 details how surplus/deficits are to be considered: "Revenue and annual surpluses not related to the core administration shall be retained by the board for use in the provision of programs and services. The City will be responsible for any deficit related to the core administration subject to approval by Council. The Board shall be responsible for any deficit related to other programs and services."

It is prudent on the part of boards to maintain a program surplus relative to the annual program budget to manage any unplanned shortfalls in program funding and/or deal with any critical program needs that might arise. Unrestricted program reserves are difficult to develop and generally funded through community fundraising activities.

Community Centre 55 reported net assets of \$205,689 at the 2005 year end. The net assets increased by 1 percent in 2005 over 2004. The 2005 figure is equal to less than five months operating costs (4.7 months). This is a reasonable net asset figure given the dependency on fundraising income (25.5 percent of the annual program budget is generated from community fundraising activity).

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## **SIGNATURE**

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Cam Weldon  
Treasurer