

Grant Thornton

Financial Statements

**Applegrove Community Complex**

December 31, 2007

# Contents

	<b>Page</b>
Auditor's Report	
Balance Sheet	2
Statement of Revenue and Expenditure and Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 10
Schedule of Program Activities and Fundraising	11



Grant Thornton

## Auditors' report

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To the Council of the Corporation of the

**City of Toronto, the Board of Management and  
Board of Directors of the Applegrove Community Complex**

We have audited the balance sheet of the **Applegrove Community Complex** as at December 31, 2007 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 Complex'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 Complex 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 Complex 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 Complex as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Toronto, Ontario  
February 18, 2008

Chartered Accountants  
Licensed Public Accountants

# Applegrove Community Complex

## Balance Sheet

December 31

2007

2006

### Assets

#### Current

Cash and short term investments	\$ 116,074	\$ 101,319
Receivables - City of Toronto	34,188	24,252
- Other	15,354	6,084
Prepays	<u>948</u>	<u>848</u>
	166,564	132,503

#### Long term

Receivable - City of Toronto	<u>135,542</u>	<u>117,345</u>
	\$ <u>302,106</u>	\$ <u>249,848</u>

### Liabilities

#### Current

Payables and accruals	\$ 59,047	\$ 43,714
Deferred revenue	-	5,520
	<u>59,047</u>	<u>49,234</u>


#### Long term

Employee benefits payable (Note 5)	<u>141,945</u>	<u>123,547</u>
	<u>200,992</u>	<u>172,781</u>


### Net Assets

Restricted program funds (Page 11)	90,169	61,612
Unrestricted program funds	<u>10,945</u>	<u>15,455</u>
	<u>101,114</u>	<u>77,067</u>
	\$ <u>302,106</u>	\$ <u>249,848</u>

Approved on behalf of the Board of Directors



Director



Director

See accompanying notes to the financial statements.

# Applegrove Community Complex

## Statement of Revenue and Expenditure and Net Assets

Year Ended December 31

2007

2006

### Program revenue

#### Grants

City of Toronto	\$ 140,601	\$ 133,044
Province of Ontario	1,461	5,318
Government of Canada	48,311	39,736
Other grants	<u>86,707</u>	<u>34,864</u>
	<u>277,080</u>	<u>212,962</u>
Fundraising	38,841	62,661
Program and membership fees	<u>26,137</u>	<u>22,448</u>
	<u>342,058</u>	<u>298,071</u>

### Program expenditures

Salaries and wages	204,950	178,214
Employee benefits	41,372	36,709
Materials and supplies	46,630	48,867
Purchase of services	<u>25,059</u>	<u>21,933</u>
	<u>318,011</u>	<u>285,723</u>

Excess of revenue over expenditures - Program	<u>24,047</u>	<u>12,348</u>
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### Administration expenditures

Salaries and wages	246,045	224,511
Employee benefits	52,824	48,327
Materials and supplies	11,039	9,465
Furniture and equipment	1,400	-
Purchase of services	<u>79,198</u>	<u>72,078</u>
	<u>390,506</u>	<u>354,381</u>

<b>Funds provided by City of Toronto</b>	<b>390,423</b>	<b>352,844</b>
Interest and other revenue	<u>83</u>	<u>1,537</u>
	<u>390,506</u>	<u>354,381</u>

Excess of revenue over expenditures	<u>24,047</u>	<u>12,348</u>
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Net assets, beginning of year	<u>77,067</u>	<u>64,719</u>
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Net assets, end of year	<u>\$ 101,114</u>	<u>\$ 77,067</u>
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See accompanying notes to the financial statements.

# Applegrove Community Complex

## Statement of Cash Flows

Year Ended December 31

2007

2006

Increase (decrease) in cash and short term investments

<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 24,047	\$ 12,348
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(9,935)	7,325
- Other	(9,270)	2,039
Prepays	(100)	4,040
Long term receivable - City of Toronto	(18,197)	(11,304)
Payables - City of Toronto	-	(19,252)
Payables and accruals	15,332	5,446
Deferred revenue	(5,520)	(3,580)
Unamortized employee benefit actuarial gain	48,820	(1,076)
Long term employee benefits payable	(30,422)	12,561
Net increase in cash and short term investments	14,755	8,547
Cash and short term investments, beginning of year	101,319	92,772
Cash and short term investments, end of year	\$ 116,074	\$ 101,319

See accompanying notes to the financial statements.

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# Applegrove Community Complex

## Notes to the Financial Statements

December 31, 2007

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### 1. Establishment and operations

#### Non-profit corporation

Applegrove Community Complex (the "Complex") was incorporated in 1979 as a corporation without share capital and registered as corporation #417388 under the Ontario Corporations Act.

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 the addition to S.H. Armstrong Recreation Centre together with certain classrooms of the Duke of Connaught Public School and the office of the Woodfield Road Public School as a Community Recreation Centre under the Community Recreation Centres Act, known as Applegrove Community Complex (Complex).

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 (the "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.

The Municipal Act, 2001, and the AOCC Governance report, 2003, re-established the Committee of Management as a municipal service board.

#### Board of management

At the Annual Meeting on March 31, 2005, the Complex amended its constitution to specify that the Board of Management would function as a Standing Committee of the Board of Directors for the non-profit corporation.

At the Annual Meeting on March 28, 2007 and in accordance with the City of Toronto's Relationship Framework with the City-funded Community Centres, the Complex amended its constitution so that it had separate constitutions for the incorporated body and the City Agency continuing the structure of the Board of Management as a Standing Committee of the non-profit corporation.

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### 2. Financial statements

The Municipal Code requires that audited annual financial statements be submitted by the Board of Management for the Complex to the City covering the management and control of the premises by the Committee. Because the Board of Management is a Standing Committee of the Board of Directors for the Corporation as a whole, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the Applegrove Community Complex as a whole, including the operations of the Board of Management.

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# **Applegrove Community Complex**

## **Notes to the Financial Statements**

December 31, 2007

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### **3. Change in accounting policy**

The Canadian Institute of Chartered Accountants issued Handbook Section 3855, "Financial Instruments – Recognition and Measurement" the application of which is mandatory for these annual financial statements for the period commencing January 1, 2007.

The new standard requires the Complex to classify all financial assets included on the balance sheet as either held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale categories. In addition, the standards require that all financial assets be measured at fair value with the exception of loans, receivables, and investments classified as held-to-maturity which are measured at amortized cost.

The gain or loss arising from a change in the fair value of a financial asset classified as held for trading is included in excess of revenues over expenditures in the period in which it arises. If the financial asset is classified as available for sale, the gain or loss is recognized in a separate account within the general fund balance until the financial asset is derecognized and the cumulative gains and losses are then recognized in excess of revenues over expenditures. On initial adoption of these accounting policies prior period comparative financial information would not be restated and the opening adjustment would be made to the opening general fund balance.

Similarly, the standard requires that all financial liabilities be measured at fair value on the balance sheet when they are held for trading. Other financial liabilities are measured at amortized cost.

Applegrove Community Complex has classified its cash and short term investments, receivables and payables and accruals as held-for-trading. Upon adoption, as of January 1, 2007, there is no impact from this change in accounting policy.

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### **4. 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. Contributions not expended are included as surplus for the year. Restricted contributions not expended are included as surplus under the specified program for the year. Rental and similar revenues are recognized on the date of the performance or event.



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## **Applegrove Community Complex Notes to the Financial Statements**

December 31, 2007

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### **4. 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.

#### **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 Complex's best information and judgment and may differ significantly from actual results.

#### **Employee related costs**

The Complex has adopted the following policies with respect to employee benefit plans:

- (a) the Complex'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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### **5. Employee benefits**

The Complex 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 management staff with ten years of service as of April 1, 2003, unused sick leave accumulates and eligible employees may be entitled to a cash payment when they leave the Complex'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 upon termination, retirement or death. The Complex also provides health, dental, accidental death and disability, life insurance and long term disability benefits to eligible employees. Depending on length of service and individuals' election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

# Applegrove Community Complex

## Notes to the Financial Statements

December 31, 2007

### 5. 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 mid 2007 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2007. The actuarial valuation has resulted in an actuarial gain of \$60,657 which is being amortized on a straight-line basis over 11 years.

Information about the Complex's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2007</u>	<u>2006</u>
Sick leave benefit plan	\$ 30,632	\$ 35,944
Income benefit	14,187	-
Continuation of benefit to disabled employees	4,676	-
Post-retirement benefits	<u>31,793</u>	<u>75,766</u>
	81,288	111,710
Add: Unamortized actuarial gain	<u>60,657</u>	<u>11,837</u>
Employee benefit liability	\$ <u>141,945</u>	\$ <u>123,547</u>

The continuity of the accrued benefit obligation during 2007 is as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 123,547	\$ 112,062
Current service cost	22,552	7,776
Interest cost	3,855	6,368
Amortization of actuarial gain	(6,066)	(1,076)
Expected benefits paid	<u>(1,943)</u>	<u>(1,583)</u>
Balance, end of year	\$ <u>141,945</u>	\$ <u>123,547</u>

	<u>2007</u>	<u>2006</u>
Current service cost	\$ 22,552	\$ 7,776
Interest cost	3,855	6,368
Amortization of actuarial gain	<u>(6,066)</u>	<u>(1,076)</u>

Total expenditures related to post-retirement and post-employment benefits	\$ <u>20,341</u>	\$ <u>13,068</u>
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A long term receivable has resulted from recording sick leave and post retirement benefits for management staff. Funding for these costs are provided by the City as benefit costs are paid and the City is responsible for the City approved management staff benefit liabilities that may be incurred by the Complex. This amount is not included as employee benefit expenses on the Statement of Revenue and Expenditure.

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## Applegrove Community Complex Notes to the Financial Statements

December 31, 2007

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### 5. Employee benefits (continued)

The Complex 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. Employer contributions to this pension plan amounted to \$25,372 in 2007 (2006 - \$21,659).

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### 6. Funds provided - City of Toronto

Funding for administration is provided by the City of Toronto equal to the Complex's budget approved by Council, or the actual funding required. The approved 2007 original administration budget and the revised budget which includes the management staff retroactive salary payment are summarized as follows:

	<u>Original</u>	<u>Revised</u>
Salaries	\$ 217,300	\$ 243,536
Fringe benefits	50,100	53,263
Material and supplies	6,500	6,500
Equipment	3,100	3,100
Purchase of services	<u>73,100</u>	<u>73,100</u>
	\$ <u>350,100</u>	\$ <u>379,499</u>

The Complex approved budget for 2007 administration expenditure plus retroactive pay for the management staff was \$379,499 (2006 - \$345,574). The actual net administration expenditure amounts to \$390,423 (2006 - \$352,844). The over expenditure equal to \$10,924 (2006 - over expenditure \$7,269), is recorded as receivable from the City of Toronto.

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### 7. Lease commitments

The Complex has an operating lease for office equipment (photocopier and postage meter). Minimum operating lease payments in each of the next four years are as follows:

2008	\$ 3,419
2009	3,419
2010	323
2011	<u>323</u>
	\$ <u>7,484</u>

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## **Applegrove Community Complex Notes to the Financial Statements**

December 31, 2007

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### **8. Educational grant held in trust**

For some years, the Complex has acted as trustee for two educational grants; from PWC Canada foundation and from Toronto Community Foundation. We expect that these funders will request reimbursement of any unexpended funds in the near future. Consequently, the excess funds from these two grants were reversed from surplus and set-up as accounts payable.

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### **9. Comparative figures**

Some comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

# **Applegrove Community Complex** **Schedule of Program Activities and Fundraising**

Year Ended December 31, 2007

	Applegrove Drop-in	Edgewood Drop-in	HAIG Drop-in	Teen Program	Perinatal Program	Therapeutic Play	Summer Program	After school Program	Fundraising	Nevada Ticket
<b>Program revenues</b>										
Government grants										
City of Toronto	\$ 94,242	\$ 17,948	\$ -	\$ 21,988	\$ -	\$ -	\$ 6,423	\$ -	\$ -	\$ -
Province of Ontario	-	-	-	-	-	-	1,461	-	-	-
Federal Government	-	-	-	-	30,588	-	17,723	-	-	-
Non-government grants	325	325	100	17,279	255	26,750	21,594	7,668	-	-
Donations	1,604	668	3,250	-	-	-	20	10,899	929	-
Fundraising	1,965	402	144	-	-	-	-	-	6,458	7,345
Membership/user fees/others	3,750	-	-	-	-	-	18,010	548	495	-
	<u>101,886</u>	<u>19,343</u>	<u>3,494</u>	<u>39,267</u>	<u>30,843</u>	<u>26,750</u>	<u>65,231</u>	<u>19,115</u>	<u>7,882</u>	<u>7,345</u>
<b>Program expenditures</b>										
Salaries	82,582	16,134	10,242	15,109	8,884	18,909	44,797	2,796	-	-
Benefit	28,669	5,641	715	1,135	650	1,329	2,897	155	-	-
Materials and supplies	4,279	2,256	2,122	2,877	21,439	1,347	6,878	555	1,855	974
Furniture and equipment	956	-	125	-	52	-	-	-	-	-
Purchase of services	3,448	962	366	2,195	179	727	9,891	129	840	4,130
	<u>119,934</u>	<u>24,993</u>	<u>13,570</u>	<u>21,316</u>	<u>31,204</u>	<u>22,312</u>	<u>64,463</u>	<u>3,635</u>	<u>2,695</u>	<u>5,104</u>
Surplus (deficit) from program activities	(18,048)	(5,650)	(10,076)	17,951	(361)	4,438	768	15,480	5,187	2,241
Contribution from Nevada/ Board reserve/Fundraising	18,048	5,650	-	-	3,311	-	-	-	-	-
Operating surplus, beginning of year	-	-	29,371	-	1,642	28,413	2,835	-	-	-
Operating surplus, end of year	\$ -	\$ -	\$ 19,295*	\$ 17,951*	\$ 4,592*	\$ 32,851*	\$ 3,603	\$ 15,480*	\$ 5,187	\$ 2,241

\* Restricted program funds total \$90,169 including end of year surplus of HAIG Drop-In, Teen Program, Perinatal Program, Therapeutic Play Program and After School Program.