



TO BE SIGNED AND  
RETURNED TO  
GRANT THORNTON

Financial Statements

Board of Management for the Cecil Street  
Community Centre

December 31, 2007

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## Auditors' Report

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To the Council of the Corporation of the

City of Toronto and the Board of Management for the  
Cecil Street Community Centre

We have audited the balance sheet of the **Board of Management for the Cecil Street Community Centre** 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 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
March 3, 2008

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

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**Board of Management for the  
Cecil Street Community Centre  
Statement of Revenue and Expenditure**

Year Ended December 31

2007

2006

<b>Program revenue</b>		
City of Toronto grants	\$ 24,302	\$ 40,024
Federal grant	4,182	3,404
Provincial grant	-	3,151
Early Years Centre (purchase of service)	<u>21,718</u>	<u>21,718</u>
	<b>50,202</b>	<b>68,297</b>
Rentals	25,601	29,887
Fundraising	16,451	23,953
Program fees	15,456	22,077
Interest	3,354	2,822
Other income	1,692	1,687
Donations	<u>1,190</u>	<u>930</u>
	<b>113,946</b>	<b>149,653</b>
<b>Program expenditures</b>		
Salaries and wages	75,802	90,040
Employee benefits	9,120	9,865
Materials and supplies	10,503	20,744
Purchase of services	18,590	23,292
Amortization of program assets	<u>2,178</u>	<u>2,179</u>
	<b>116,193</b>	<b>146,120</b>
<b>Program (deficiency) surplus</b>	<u>(2,247)</u>	<u>3,533</u>
<b>Administration expenditures</b>		
Salaries and wages	443,163	394,461
Employee benefits	117,238	98,504
Purchase of services	68,972	74,904
Materials and supplies	<u>36,155</u>	<u>34,457</u>
	<b>665,528</b>	<b>602,326</b>
<b>Funds provided by City of Toronto</b>		
Administration (Note 7)	<u>665,528</u>	<u>602,326</u>
<b>(Deficiency) surplus of revenues over expenditures</b>	\$ <u>(2,247)</u>	\$ <u>3,533</u>

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See accompanying notes to the financial statements.

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**Board of Management for the  
Cecil Street Community Centre  
Statement of Changes in Net Assets**

Year Ended December 31, 2007

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	<u>Invested in Capital assets</u>	<u>Board Designated Reserve</u>	<u>Unrestricted</u>	<u>Total 2007</u>	<u>Total 2006</u>
Net assets, beginning of year	\$ 5,075	\$ 45,100	\$ 8,214	\$ 58,389	\$ 54,856
(Deficiency) surplus of revenue over expenditure	-	-	(2,247)	(2,247)	3,533
Transfer of amortization to invested in capital assets	<u>(2,178)</u>	<u>-</u>	<u>2,178</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 2,897</u>	<u>\$ 45,100</u>	<u>\$ 8,145</u>	<u>\$ 56,142</u>	<u>\$ 58,389</u>

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See accompanying notes to the financial statements.

**Board of Management for the  
Cecil Street Community Centre  
Balance Sheet**

December 31 2007 2006

**Assets**

Current

Cash and short term investments	\$ 114,273	\$ 146,064
Receivables - City of Toronto	-	1,500
- City of Toronto (vacation pay)	7,623	7,945
- Other	5,439	4,569
Prepaid expenses	<u>2,129</u>	<u>2,196</u>
	<b>129,464</b>	<b>162,274</b>

Long term

Receivable - City of Toronto (Note 4)	136,081	115,286
Capital assets (Note 5)	<u>2,897</u>	<u>5,075</u>
	<b>\$ 268,442</b>	<b>\$ 282,635</b>

**Liabilities**

Current

Payables and accruals - City of Toronto	\$ 1,358	\$ 11,717
- Other	<u>62,695</u>	<u>88,410</u>
	<b>64,053</b>	<b>100,127</b>
Deferred revenue	<u>12,166</u>	<u>8,833</u>
	<b>76,219</b>	<b>108,960</b>

Long term

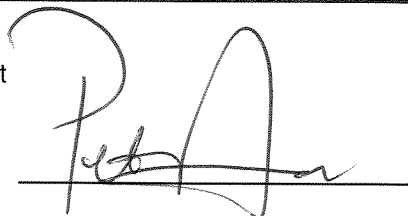
Employee benefits payable (Note 4)	<u>136,081</u>	<u>115,286</u>
	<b>212,300</b>	<b>224,246</b>

**Net Assets**

Invested in capital assets	2,897	5,075
Board designated reserve (Note 6)	45,100	45,100
Unrestricted surplus	<u>8,145</u>	<u>8,214</u>
	<b>56,142</b>	<b>58,389</b>
	<b>\$ 268,442</b>	<b>\$ 282,635</b>

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  
Cecil Street Community Centre  
Statement of Cash Flows**

Year Ended December 31

2007

2006

Increase (decrease) in cash and short term investments

<b>Operating activities</b>		
(Deficiency) surplus of revenue over expenditure	\$ (2,247)	\$ 3,533
Amortization of capital assets	<u>2,178</u>	<u>2,179</u>
	<u>(69)</u>	<u>5,712</u>
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	1,822	26,260
- Other	(870)	2,716
Prepays	67	(1,016)
Payables - City of Toronto	(10,359)	(17,249)
- Other	(25,715)	11,876
Deferred revenue	3,333	1,620
Long term employee benefits payable	20,795	12,236
Long term City of Toronto account receivable	(20,795)	(12,236)
Purchase of capital assets	<u>-</u>	<u>(4,375)</u>
	<u>(31,722)</u>	<u>19,832</u>
Net (decrease) increase in cash and short term investments	(31,791)	25,544
Cash and short term investments, beginning of year	<u>146,064</u>	<u>120,520</u>
Cash and short term investments, end of year	\$ <u>114,273</u>	\$ <u>146,064</u>

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See accompanying notes to the financial statements.

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# Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2007

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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, Community and Recreation Centre of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established the premises at No. 58 Cecil Street, Toronto, as a community centre under the authority of the Municipal Act, known as Cecil Street Community Centre (the "Centre").

The Municipal Code provides for a Council appointed Board 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.

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## 2. 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 Cecil Street Community Centre 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.

The Cecil Street Community Centre has classified its cash and short term investments, receivables and payables 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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# Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2007

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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

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 assets. 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:

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 judgement and may change significantly with the next detailed evaluation.

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# Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2007

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### 3. 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 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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### 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 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 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 upon termination, retirement or death. The Centre also provides health, dental, 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.

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 loss of \$31,021 which is being amortized on a straight-line basis over 11 years.

Information about the Centre'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	\$ 32,959	\$ 35,943
Post-retirement benefits	123,986	75,767
Continuation of benefits to disabled employees	2,494	-
Income benefits	<u>7,663</u>	<u>-</u>
	167,102	111,710
Add: Unamortized actuarial (loss) gain	<u>(31,021)</u>	<u>3,576</u>
Employee benefit liability	\$ <u>136,081</u>	\$ <u>115,286</u>

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**Board of Management for the  
Cecil Street Community Centre  
Notes to the Financial Statements**

December 31, 2007

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**4. Employee benefits (continued)**

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

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 115,286	\$ 103,050
Current service cost	15,972	7,776
Interest cost	8,075	6,368
Amortization of actuarial loss (gain)	3,102	(325)
Expected benefits paid	<u>(6,354)</u>	<u>(1,583)</u>
Balance, end of year	\$ <u>136,081</u>	\$ <u>115,286</u>

Expenditures in 2007 relating to employee benefits are included as administration expenses on the Statement of Revenue and Expenses and include the following components:

	<u>2007</u>	<u>2006</u>
Current service cost	\$ 15,972	\$ 7,776
Interest cost	8,075	6,368
Amortization of actuarial loss (gain)	3,102	(325)
Less: Expected benefits paid	<u>(6,354)</u>	<u>(1,583)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>20,795</u>	\$ <u>12,236</u>

A long term receivable from the City of Toronto has resulted from the recording of administration staff benefit 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 administration 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. This 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 \$33,120 in 2007.

**Board of Management for the  
Cecil Street Community Centre  
Notes to the Financial Statements**

December 31, 2007

5. Capital assets			<u>2007</u>	<u>2006</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computers	\$ 5,685	\$ 4,227	\$ 1,458	\$ 2,916
Furniture and equipment	<u>17,846</u>	<u>16,407</u>	<u>1,439</u>	<u>2,159</u>
	\$ <u>23,531</u>	\$ <u>20,634</u>	\$ <u>2,897</u>	\$ <u>5,075</u>

**6. Board Designated Reserve**

In 1992, the Board created a reserve for the establishment of new and expanded programs in future years.

**7. Funds provided by City of Toronto - administration**

Funding for administrations expenses is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits, excluding those accruals for long term employee benefits, are funded by the Centre unless Council approval has been obtained for additional funding.

	<u>2007</u>	<u>2006</u>
<b>Budgeted administration expenditure:</b>		
Centre's approved budget for 2006 administration expenses was		
Salaries and benefits	\$ 529,161	\$ 483,516
Materials and supplies	41,334	38,447
Purchase of services	<u>72,566</u>	<u>71,157</u>
	<u>643,061</u>	<u>593,120</u>
<b>Actual administration expenditure:</b>		
Centre's actual administration expenses were	665,528	602,326
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(20,795)</u>	<u>(12,236)</u>
	<u>644,733</u>	<u>590,090</u>
Administration expenditure (over) under approved budget	\$ <u>(1,672)</u>	\$ <u>3,030</u>

The (over) under expenditure of \$(1,672) (2006 - \$3,030) is included in accounts receivable from payable to the City of Toronto.

**8. Comparative figures**

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