



TO BE SIGNED AND
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GRANT THORNTON

Financial Statements

Central Eglinton 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
Central Eglinton Community Centre

We have audited the balance sheet of the **Board of Management for the Central Eglinton 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.

Budget figures are provided for comparative purposes only and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Toronto, Ontario
February 29, 2008

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Board of Management for the Central Eglinton Community Centre Balance Sheet

December 31

2007

2006

Assets

Current

Cash and short term investments (Note 4)	\$ 264,599	\$ 203,913
Receivables - City of Toronto	17,649	13,349
- Other	<u>9,591</u>	<u>9,777</u>
	291,839	227,039

Long term

Receivable - City of Toronto (Note 5)	<u>116,881</u>	<u>109,542</u>
	\$ <u>408,720</u>	\$ <u>336,581</u>

Liabilities

Current

Payables and accruals - City of Toronto	\$ 25,741	\$ 10,977
- Other	69,273	44,926
Deferred revenue	<u>14,561</u>	<u>14,035</u>
	109,575	69,938


Long term


Employee benefits payable (Note 5)	<u>130,167</u>	<u>122,828</u>
	<u>239,742</u>	<u>192,766</u>

Net Assets

Program funds - Internally restricted	42,175	42,175
- Unrestricted	<u>126,803</u>	<u>101,640</u>
	<u>168,978</u>	<u>143,815</u>
	\$ <u>408,720</u>	\$ <u>336,581</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Central Eglinton Community Centre
Statement of Changes in Net Assets**

Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total 2007</u>	<u>Total 2006</u>
Net assets, beginning of year	\$ 101,640	\$ 42,175	\$ 143,815	\$ 90,125
Surplus	<u>25,163</u>	<u>-</u>	<u>25,163</u>	<u>53,690</u>
Net assets, end of year	<u>\$ 126,803</u>	<u>\$ 42,175</u>	<u>\$ 168,978</u>	<u>\$ 143,815</u>

See accompanying notes to the financial statements.

Board of Management for the Central Eglinton Community Centre Statement of Revenue and Expenditure

Year Ended December 31, 2007

	2007 <u>Budget</u> (Unaudited)	2007 <u>Actual</u>	2006 <u>Actual</u>
Parent/Child program revenue			
Grants			
Government of Canada	\$ -	\$ -	\$ 1,635
City of Toronto	<u>23,200</u>	<u>23,824</u>	<u>27,334</u>
	23,200	23,824	28,969
Program and membership fees	59,800	66,124	57,785
Membership fees	<u>9,600</u>	<u>11,176</u>	<u>10,368</u>
	<u>92,600</u>	<u>101,124</u>	<u>97,122</u>
Program expenditures			
Salaries and wages	69,559	77,181	71,728
Employee benefits	12,714	12,384	11,412
Materials and supplies	6,050	4,898	10,268
Purchase of services	<u>8,750</u>	<u>7,227</u>	<u>9,233</u>
	<u>97,073</u>	<u>101,690</u>	<u>102,641</u>
Deficiency - Parent/Child program	<u>(4,473)</u>	<u>(566)</u>	<u>(5,519)</u>
Other program revenue			
Grants			
Government of Canada	10,500	6,420	6,376
Province of Ontario	2,000	3,012	2,951
City of Toronto	<u>31,217</u>	<u>31,217</u>	<u>18,209</u>
	43,717	40,649	27,536
Fundraising and donations	31,800	38,075	78,825
Program and membership fees	102,384	88,074	87,254
Membership fees	5,950	5,485	5,270
Rental fees	1,000	1,065	795
Other	<u>1,900</u>	<u>7,826</u>	<u>6,299</u>
	<u>186,751</u>	<u>181,174</u>	<u>205,979</u>
Program expenditures			
Salaries and wages	93,387	85,708	76,196
Employee benefits	13,054	10,780	9,941
Materials and supplies	34,465	26,411	29,873
Purchase of services	<u>40,925</u>	<u>32,546</u>	<u>30,760</u>
	<u>181,831</u>	<u>155,445</u>	<u>146,770</u>
Surplus - other program	<u>4,920</u>	<u>25,729</u>	<u>59,209</u>
Administration expenditures			
Salaries and wages	363,594	413,818	363,565
Employee benefits	94,428	98,549	94,933
Materials and supplies	15,582	29,352	23,877
Purchase of services	<u>33,196</u>	<u>34,371</u>	<u>34,957</u>
	<u>506,800</u>	<u>576,090</u>	<u>517,332</u>
Funds provided by City of Toronto			
Administration (Note 7)	<u>506,800</u>	<u>576,090</u>	<u>517,332</u>
Surplus	\$ <u>447</u>	\$ <u>25,163</u>	\$ <u>53,690</u>

See accompanying notes to the financial statements.

Board of Management for the Central Eglinton Community Centre Statement of Cash Flows

Year Ended December 31

2007

2006

Increase (decrease) in cash and short term investments

Operating activities		
Program surplus	\$ 25,163	\$ 53,690
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(4,300)	(2,563)
- Other	186	990
Payables - City of Toronto	14,764	(10,348)
- Other	24,347	2,173
Long term account receivable - City of Toronto	(7,339)	(14,795)
Deferred revenue	526	3,942
Long term employee benefits payable	7,339	14,795
	<u>60,686</u>	<u>47,884</u>
Net increase in cash and short term investments	60,686	47,884
Cash and short term investments, beginning of year	<u>203,913</u>	<u>156,029</u>
Cash and short term investments, end of year	\$ <u>264,599</u>	\$ <u>203,913</u>

See accompanying notes to the financial statements.

Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2007

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 160 Eglinton Avenue East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Central Eglinton 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.

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 Central Eglinton 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 Central Eglinton Community Centre 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.

Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2007

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

Deferred capital contribution

Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contribution on the balance sheet.

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 Centre's best information and judgment and may differ significantly from actual results.

Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2007

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 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.

4. Cash and short term investments

Cash and short term investments include \$42,175 specifically reserved for expenditures relating to the 50+ Program only.

5. 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 are 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 the employee upon termination, retirement or death. The Centre also provides health, dental, accidental death and disability, life insurance and long term disability benefits to eligible employees. Depending upon length of service and an individual's 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 in mid 2007, and has been extrapolated to provide the accrued benefit obligation to December 31, 2007. The actuarial valuation has resulted in an actuarial loss of \$85,266 which is being amortized on a straight-line basis over 10 years, being the expected average remaining service life of the employees.

Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2007

5. Employee benefits (continued)

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	\$ 29,739	\$ 41,078
Income benefits	8,620	-
Continuation of benefits to disabled employees	2,806	-
Post-retirement benefits	<u>3,736</u>	<u>86,590</u>
	44,901	127,668
Add (deduct): Unamortized actuarial gain (loss)	<u>85,266</u>	<u>(4,840)</u>
Employee benefit liability	\$ <u>130,167</u>	\$ <u>122,828</u>

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

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 122,828	\$ 108,033
Current service cost	14,594	8,887
Interest cost	2,121	7,278
Amortization of actuarial loss	(8,527)	440
Expected benefits paid	<u>(849)</u>	<u>(1,810)</u>
Balance, end of year	\$ <u>130,167</u>	\$ <u>122,828</u>

Expenditures in 2007 relating to employee benefits amounting to \$8,188 are included in administrative employee benefit expenses on the Statement of Revenue and Expenditure and include the following components:

	<u>2007</u>	<u>2006</u>
Current service cost	\$ 14,594	\$ 8,887
Interest cost	2,121	7,278
Amortization of actuarial (gain) loss	<u>(8,527)</u>	<u>440</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>8,188</u>	\$ <u>16,605</u>

A long term receivable of \$116,881 (2006 - \$109,542) 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 Centre.

The Centre also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of management and union employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$34,599 in 2007 (2006 - \$29,558).

Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2007

6. Lease Commitments

The Centre has entered into agreements to lease office equipment which expire in 2012. Minimum amounts payable for the office equipment, in aggregate for each of the next five years are as follows:

2008	\$ 8,581
2009	8,581
2010	8,293
2011	3,584
2012	192

7. Funds provided by the City of Toronto - administration

Funding for administration expense is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits are normally funded by the City after approval has been obtained.

	<u>2007</u>	<u>2006</u>
Budgeted administration expenditure:		
Centre's approved budget for administration expense was:		
Interim administration budget	\$ 506,800	\$ 471,500
Retroactive management salary and benefits	70,998	26,993
Other	-	1,500
	<u>577,798</u>	<u>499,993</u>
Actual administration expenditure:		
Centre's actual administration expense was	576,090	517,332
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(7,339)</u>	<u>(14,795)</u>
	<u>568,751</u>	<u>502,537</u>
Administration expenditure under (over) approved budget	\$ <u>9,047</u>	\$ <u>(2,544)</u>

The under expenditure of \$9,047 (2006 - \$(2,544)) is included in accounts payable to the City of Toronto.