



Grant Thornton

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GRANT THORNTON

Financial Statements

Board of Management for Community Centre 55

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 Community Centre 55

We have audited the balance sheet of the Board of Management for Community Centre 55 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 13, 2008

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Board of Management for
Community Centre 55
Balance Sheet**

December 31

2007

2006

Assets

Current

Cash and short term investments	\$ 386,160	\$ 294,204
Receivables - City of Toronto	-	2,063
- Other	<u>16,029</u>	<u>10,123</u>
	402,189	306,390

Long term

Receivable - City of Toronto (Note 5)	132,355	116,181
Capital assets (Note 6)	<u>8,245</u>	<u>16,489</u>
	\$ 542,789	\$ 439,060

Liabilities

Current

Payables and accruals		
- City of Toronto (surplus)	\$ 4,816	\$ 4,924
- City of Toronto (other)	2,395	3,447
- Other	<u>82,543</u>	<u>64,898</u>
	89,754	73,269

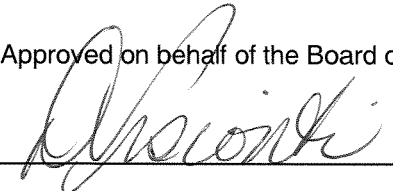
Long term

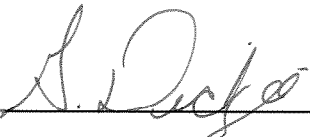
Employee benefits payable (Note 5)	132,355	116,181
Deferred capital contributions	<u>8,245</u>	<u>16,489</u>
	140,600	132,670

Net Assets

Unrestricted program funds	<u>312,435</u>	<u>233,121</u>
	\$ 542,789	\$ 439,060

Approved on behalf of the Board of Management


Chair


Treasurer

**Board of Management for
Community Centre 55
Statement of Changes in Net Assets**

Year Ended December 31	2007	2005
Net assets, beginning of year	\$ 233,121	\$ 205,698
Excess of revenue over expenditures	<u>79,314</u>	<u>27,423</u>
Net assets, end of year	\$ <u>312,435</u>	\$ <u>233,121</u>

**Board of Management for
Community Centre 55
Statement of Revenue and Expenditure**

Year Ended December 31

2007

2006

Program revenue

Grants

Government of Canada	\$ 9,698	\$ 10,176
Province of Ontario	38,169	54,321
City of Toronto	<u>32,759</u>	<u>32,759</u>
	80,626	97,256

Donations and fundraising	163,809	138,309
Program fees	511,228	412,731
Interest	4,111	3,144
Other income	<u>19,543</u>	<u>7,792</u>
	779,317	659,232

Program expenditures

Salaries and wages	402,271	366,035
Employee benefits	57,385	52,285
Materials and supplies	149,799	140,597
Purchase of services	<u>90,548</u>	<u>72,892</u>
	700,003	631,809

Excess of revenue over expenditures - Program	<u>79,314</u>	<u>27,423</u>
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Administration expenditures

Salaries and wages	496,791	399,173
Employee benefits	114,972	102,298
Materials and supplies	46,513	49,481
Purchase of services	60,270	65,813
Amortization of capital assets	8,244	8,244
Amortization of deferred capital contributions	<u>(8,244)</u>	<u>(8,244)</u>
	718,546	616,765
Recoveries and other revenue	<u>(5,712)</u>	<u>(2,567)</u>
	712,834	614,198

Funds provided by City of Toronto

Administration (Note 7)	<u>712,834</u>	<u>614,198</u>
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Excess of revenue over expenditures	\$ <u>79,314</u>	\$ <u>27,423</u>
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**Board of Management for
Community Centre 55
Statement of Cash Flows**

Year Ended December 31

2007

2006

Increase (decrease) in cash and short term investments

Operating activities		
Excess of revenue over expenditures	\$ 79,314	\$ 27,423
Increase (decrease) resulting in changes in:		
Receivables - City of Toronto	2,063	42,885
- Other	(16,315)	(1,168)
Prepays -	-	474
Payables - City of Toronto	(1,160)	3,050
- Other	28,054	5,845
Long term account receivable - City of Toronto	(16,174)	(18,643)
Long term employee benefits payable	<u>16,174</u>	<u>18,643</u>
Net increase in cash and short term investments	91,956	78,509
Cash and short term investments, beginning of year	<u>294,204</u>	<u>215,695</u>
Cash and short term investments, end of year	\$ <u>386,160</u>	\$ <u>294,204</u>

Board of Management for Community Centre 55

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 97 Main Street, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Community Centre 55 (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 (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. Financial Statements

The Municipal Code requires that audited financial statements be submitted by the Board of Management for Community Centre 55 to the City covering the management and control of the premises by the Board. However, the revenue and expense from programs include the operations of Ontario Corporation Number 0310527, incorporated without share capital under the name Community Centre 55, a registered charitable organization. Separate financial statements have not been prepared for this organization. Accordingly, the financial statements reflect the operations of the Board of Management and the charitable organization as a whole.

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 Community Centre 55 to classify all financial assets included on the balance sheet in either held-for-trading, held-to-maturity 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.

**Board of Management for
Community Centre 55
Notes to the Financial Statements**

December 31, 2007

3. Change in accounting policy (continued)

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 Community Centre 55 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.

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

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

Board of Management for Community Centre 55 Notes to the Financial Statements

December 31, 2007

4. Significant accounting policies (continued)

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements. In addition services such as rent and computer lease costs, provided without charge by the City, are not reported.

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.

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.

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 10 years of services as of April 1, 2003, unused sick leave accumulates and 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 an employee upon termination, retirement or death.

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 (with 10 year's of services as of April 1, 2003) and for those who qualify, with reduced benefits thereafter.

**Board of Management for
Community Centre 55
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 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 \$37,425 which is being amortized on a straight-line basis over 15 years, being the expected average remaining service life of the employees.

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	\$ 36,244	\$ 46,213
Post-retirement benefits	35,748	97,413
Continuation of benefits to disabled employees	88,669	-
Income benefits	<u>188,935</u>	-
	349,596	143,626
Deduct: Unamortized actuarial loss	<u>217,241</u>	<u>27,445</u>
Employee benefit liability	\$ <u>132,355</u>	\$ <u>116,181</u>

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

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 116,181	\$ 97,538
Current service cost	10,855	9,997
Interest cost	16,495	8,187
Amortization of actuarial loss	21,724	2,495
Expected benefits paid	<u>(32,900)</u>	<u>(2,036)</u>
Balance, end of year	\$ <u>132,355</u>	\$ <u>116,181</u>

Expenditures in 2007 relating to post-retirement and post-employment benefits are included as administration expenses on the Statement of Revenue and Expenditure and include the following components:

	<u>2007</u>	<u>2006</u>
Current service cost	\$ 10,855	\$ 9,997
Interest cost	16,495	8,187
Amortization of actuarial loss	21,724	2,495
Less: Expected benefits paid	<u>(32,900)</u>	<u>(2,036)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>16,174</u>	\$ <u>18,643</u>

**Board of Management for
Community Centre 55
Notes to the Financial Statements**

December 31, 2007

5. Employee benefits (continued)

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 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. 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.

6. 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>
Administration furniture, fixtures and equipment	\$ 32,529	\$ 24,284	\$ 8,245	\$ 16,489
Program furniture and fixtures and equipment	<u>83,385</u>	<u>83,385</u>	<u>-</u>	<u>-</u>
	<u>\$ 115,914</u>	<u>\$ 107,669</u>	<u>\$ 8,245</u>	<u>\$ 16,489</u>

7. Funds provided - administration

Funding for administration expenditures is provided by the City according to Council approved budgets. Surplus amounts in administration are payable 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>2007</u>	<u>2006</u>
Budgeted administration expenditures:		
Centre's approved budget for administration expense was:		
Interim administration budget	\$ 609,400	\$ 564,500
Cost of living adjustment	-	29,791
Retroactive management salary and benefits	96,679	-
Less: Amount allocated to programming	(10,409)	-
Other	-	1,500
	<u>695,670</u>	<u>595,791</u>

**Board of Management for
Community Centre 55
Notes to the Financial Statements**

December 31, 2007

7. Funds provided - administration (continued)	<u>2007</u>	<u>2006</u>
Actual administration expenditure:		
Centre's actual administration expense was	\$ 712,834	\$ 614,198
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(16,174)</u>	<u>(18,643)</u>
	<u>696,660</u>	<u>595,555</u>
Administration expenditure (over) under approved budget	\$ <u>(990)</u>	\$ <u>236</u>

The (over) expenditure of \$(990) (2006 - under expenditure \$236) is included in (accounts receivable from) payable to the City of Toronto.