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Financial Statements

Eastview Neighbourhood Community Centre

December 31, 2007

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Auditors' Report

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To the Council of the Corporation of the
Eastview Neighbourhood Community Centre

We have audited the balance sheet of the **Board of Management for the Eastview Neighbourhood 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
April 17, 2008

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Board of Management for the Eastview Neighbourhood Community Centre Balance Sheet

December 31 2007 2006

Assets

Current

Cash	\$ 92,042	\$ 125,266
Short term investments	199,103	166,684
Receivables - City of Toronto	8,783	6,494
- Other	14,067	10,977
Prepaid expenses	<u>8,000</u>	<u>1,437</u>
	321,995	310,858

Long term

Receivable - City of Toronto (Note 5)	164,968	166,287
Capital assets (Note 6)	1,427	2,612
Lottery Trust Account (Note 7)	52,432	46,693
Bursary Trust Account (Note 8)	<u>948</u>	<u>774</u>
	\$ 541,770	\$ 527,224

Liabilities

Current

Payables and accruals - City of Toronto	\$ 14,012	\$ 18,690
- Other	<u>61,390</u>	<u>47,448</u>
	75,402	66,138
Deferred revenue	<u>76,684</u>	<u>99,224</u>
	152,086	165,362


Long term


Liability for employee benefit obligations (Note 6)	164,968	166,287
Lottery trust account (Note 7)	52,432	46,693
Bursary trust account (Note 8)	<u>948</u>	<u>774</u>
	370,434	379,116

Net Assets

Invested in capital assets	1,427	2,612
Unrestricted	44,351	31,552
Board designated reserve (Note 10)	<u>125,558</u>	<u>113,944</u>
	171,336	148,108
	\$ 541,770	\$ 527,224

Approved on behalf of the Board of Management


CAROL WU
Chair


HELEN TOLIVER
Vice Chair

See accompanying notes to the financial statements.

**Board of Management for the
Eastview Neighbourhood Community Centre
Statement of Changes in Net Assets**

Year Ended December 31, 2007

	<u>Invested in Capital assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total 2007</u>	<u>Total 2006</u>
Net assets, beginning of year	\$ 2,612	\$ 113,944	\$ 31,552	\$ 148,108	\$ 86,129
Excess of revenue over expenses	-	-	23,228	23,228	61,979
Transfers	-	11,614	(11,614)	-	-
Change in net assets invested in capital assets	<u>(1,185)</u>	<u>-</u>	<u>1,185</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>1,427</u>	\$ <u>125,558</u>	\$ <u>44,351</u>	\$ <u>171,336</u>	\$ <u>148,108</u>

See accompanying notes to the financial statements.

**Board of Management for the
Eastview Neighbourhood Community Centre
Statement of Revenue and Expenses**

Year Ended December 31, 2007

	2007 <u>Budget</u> (Unaudited)	2007 <u>Actual</u>	2006 <u>Actual</u>
Program revenue			
Grants			
United Way	\$ 331,788	\$ 321,900	\$ 297,292
City of Toronto	169,036	183,609	177,075
Province of Ontario	91,425	108,169	75,749
Government of Canada	71,283	85,729	76,712
Foundations	<u>28,375</u>	<u>29,834</u>	<u>50,803</u>
	691,907	729,241	677,631
Donations	9,706	14,827	12,037
Funds from Massey Centre	22,484	29,394	23,528
Fundraising	38,023	33,680	42,166
Program fees	40,399	50,179	49,761
Memberships	7,000	5,423	5,194
Miscellaneous income	<u>4,468</u>	<u>6,027</u>	<u>2,456</u>
	<u>813,987</u>	<u>868,771</u>	<u>812,773</u>
Program expenditures			
Salaries and wages	520,839	539,438	456,456
Employee benefits	130,481	119,607	100,546
Materials and supplies	97,269	99,755	85,004
Purchase of services	62,837	85,558	104,848
Amortization of program assets	<u>2,561</u>	<u>1,185</u>	<u>3,940</u>
	<u>813,987</u>	<u>845,543</u>	<u>750,794</u>
Excess of revenue over expenses - program	<u>-</u>	<u>23,228</u>	<u>61,979</u>
Administration expenditures			
Salaries and wages (Note 9)	361,860	360,681	358,530
Employee benefits	87,078	83,706	79,410
Purchase of services	31,871	15,369	27,621
Materials and supplies	<u>14,050</u>	<u>21,161</u>	<u>5,942</u>
	<u>494,859</u>	<u>480,917</u>	<u>471,503</u>
Funds provided by City of Toronto			
Administration (Note 9)	<u>486,520</u>	<u>480,917</u>	<u>471,503</u>
Excess of revenue over expenses	<u>\$ (8,339)</u>	<u>\$ 23,228</u>	<u>\$ 61,979</u>

See accompanying notes to the financial statements.

**Board of Management for the
Eastview Neighbourhood Community Centre
Statement of Cash Flows**

Year Ended December 31

2007

2006

Increase (decrease) in cash and short term investments

Operating activities		
Excess of revenue over expenses	\$ 23,228	\$ 61,979
Non-cash items		
Amortization of capital assets	<u>1,185</u>	<u>3,940</u>
	24,413	65,919
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(2,289)	21,798
- Other	(3,090)	1,777
Prepays	(6,563)	2,372
Payables - City of Toronto	(4,678)	(22,138)
- Other	13,942	(19,274)
Deferred revenue	(22,540)	16,921
Liability for long term employee benefit obligations	(1,319)	69,865
Long term City of Toronto account receivable	<u>1,319</u>	<u>(69,865)</u>
	<u>(805)</u>	<u>67,375</u>
Financing and investing activity		
Acquisition of capital assets - program	<u>-</u>	<u>(2,024)</u>
Net (decrease) increase in cash and short term investments	(805)	65,351
Cash and short term investments, beginning of year	<u>291,950</u>	<u>226,599</u>
Cash and short term investments, end of year	\$ <u>291,145</u>	\$ <u>291,950</u>

See accompanying notes to the financial statements.

Board of Management for the Eastview Neighbourhood 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, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established the premises at 86 Blake Street, Toronto, as a community centre under the authority of the Municipal Act, known as Eastview Neighbourhood Community Centre (the "Centre"). The authorities were reaffirmed by City Council with the new Relationship Framework document (approved 2006 09 25-27). Note that Chapter 25 will be updated and re-numbered in the new City of Toronto Act, as of 2007 01.

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 annual financial statements be submitted by the Committee of Management for the Centre to the City covering the management and control of the premises by the Committee. However, since the revenue and expenditure from programs include the operations of the **East Toronto Family Community Centre**, a registered charitable organization, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the Centre and the **East Toronto Family Community Centre** as a whole.

3. Change in accounting policies

Financial instruments

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 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.

Board of Management for the Eastview Neighbourhood Community Centre

Notes to the Financial Statements

December 31, 2007

3. Change in accounting policies (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 is not restated and an opening adjustment is made to the opening unrestricted net asset 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 Centre has classified all cash, 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 the Eastview Neighbourhood Community Centre 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.

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.

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.

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 may be entitled to a cash payment upon leaving 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 & 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.

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 as at December 31, 2007. The actuarial valuation has resulted in an actuarial loss of \$22,662 which is being amortized on a straight-line basis over 10 years.

Board of Management for the Eastview Neighbourhood 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	\$ 35,617	\$ 92,426
Income benefits	113,269	-
Continuation of benefits to disabled employees	37,204	-
Post-retirement benefits	<u>1,540</u>	<u>194,827</u>
	<u>187,630</u>	<u>287,253</u>
Less: Unamortized actuarial loss	<u>22,662</u>	<u>120,966</u>
Employee benefit liability	<u>\$ 164,968</u>	<u>\$ 166,287</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 166,287	\$ 122,992
Current service cost	24,725	19,995
Interest cost	9,291	16,375
Amortization of actuarial loss	2,266	10,997
Expected benefits paid	<u>(37,601)</u>	<u>(4,072)</u>
Balance, end of year	<u>\$ 164,968</u>	<u>\$ 166,287</u>

A long term receivable from the City has resulted from the recording of management 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 management staff that may be incurred by the Centre. This amount is not included as employee benefit expenses on the Statement of Revenue and Expenditure.

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 \$44,770 in 2007, (2006 - \$43,383).

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>
Computers	\$ 7,650	\$ 6,368	\$ 1,282	\$ 1,777
Furniture and equipment	<u>57,839</u>	<u>57,694</u>	<u>145</u>	<u>835</u>
	<u>\$ 65,489</u>	<u>\$ 64,062</u>	<u>\$ 1,427</u>	<u>\$ 2,612</u>

Board of Management for the Eastview Neighbourhood Community Centre

Notes to the Financial Statements

December 31, 2007

7. Lottery Trust Account

In February 1998, the Centre introduced a program of licensed weekly bingo games to provide funding for charitable work with children, youth, seniors and families. At December 31, 2007 the surplus funds on hand amounted to \$52,432 (2006 - \$46,693). Revenues were provided to the Kennedy Road Bingo Sponsors Association for accounting and distribution to all member charities in equal amounts determined from the overall proceeds. The Centre's share of proceeds are distributed to the **East Toronto Family Community Centre** and are maintained in a separate bank account.

8. Bursary Trust Account

A special trust account to assist students in pursuing post secondary school education was created in 1982 by the senior citizens' group affiliated with the **Eastview Neighbourhood Community Centre**. The unexpended balance was \$948 (2006 - \$774) at December 31, 2007.

9. 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>
Budgeted administration expenditure:		
Centre's approved budget for 2007 administration expenses	\$ 452,500	\$ 425,900
Retroactive management salary and benefits	35,299	30,758
IT reimbursement	-	900
Transfer from 2006 deferral	-	11,500
	<u>487,799</u>	<u>469,058</u>
Actual administration expenditure:		
Centre's actual administration expenses	<u>480,917</u>	<u>471,503</u>
Administration expenditure under (over) approved budget	\$ <u>6,882</u>	\$ <u>(2,445)</u>

The under (over) expenditure of \$6,882 (2006 - (\$2,445)) is included in accounts payable (receivable) from the City. Included in the amount payable to the City of Toronto is the reversal of vacation pay accrued prior to 2003 of \$10,672. Actual administration salary and wages for 2007 were \$371,353 before the vacation accrual adjustment referred to above.

Board of Management for the Eastview Neighbourhood Community Centre

Notes to the Financial Statements

December 31, 2007

10. Reserves	<u>2007</u>	<u>2006</u>
Capital / Project Reserve	\$ 64,171	\$ 64,171
Administrative Contingency Reserve	<u>61,387</u>	<u>49,773</u>
	\$ <u>125,558</u>	\$ <u>113,944</u>

The Capital / Project Reserve is restricted to expenditures of a capital/project nature as approved by the Committee of Management. The Administrative Contingency Reserve consists of Committee of Management approved transfers of monies from the Centre's program surplus to provide a contingency fund for essential administrative costs. Interest earned on the reserve balance is recorded as program revenue.

11. Perinatal and Nutrition Support Program

The Centre acts as co-ordinator for the allocation of funds received from the Government of Canada to the five partners of the City of Toronto South East Coalition of Perinatal Nutrition and Support Program. During 2007 the Centre received \$191,230 from the Federal Government. The allocation of funds to each partner is approved by the coalition.

The partners, including the Centre, were allocated the following amounts:

	<u>2007</u>	<u>2006</u>
Eastview Neighbourhood Community Centre	\$ 54,530	\$ 58,868
Parents for Better Beginnings (Regent Park CHC)	44,606	42,685
Jessie's Centre for Teenagers	30,817	31,148
St. Jamestown (Hincks-Dellcrest Centre)	26,180	38,877
Applegrove Community Complex	30,779	24,535
Staff costs shared	<u>4,318</u>	<u>2,038</u>
	\$ <u>191,230</u>	\$ <u>198,151</u>

During the year the Centre distributed \$191,230 (2006 - \$198,151) to the Coalition partners. The Centre, as a partner, records only its share of revenue and staff costs in these financial statements.

12. Operating line of credit

The Centre has a \$25,000 operating line of credit at prime plus .50%. As security, the Centre has provided all personal property of the Centre. As at December 31, 2007, the Centre has not used up any of the operating line of credit.

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

December 31, 2007

13. Financial instruments

Fair value of financial instruments

The estimated fair values of cash, investments, accounts receivable, accounts payable and amounts due to/from City of Toronto approximate carrying value due to the relatively short term nature of the instruments.

14. Contingency

The Centre has an employee grievance that is proceeding to arbitration. A potential loss has not been recorded in the financial statements as the outcome of the arbitration is not determinable at this time.

15. Comparative figures

Certain of the prior year figures have been reclassified to conform with the current year's presentation.