



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

Board of Management for the Ralph Thornton
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
Ralph Thornton Community Centre

We have audited the balance sheet of the **Board of Management for the Ralph Thornton 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
April 18, 2008

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Ralph Thornton Community Centre**

Balance Sheet

December 31

2007

2006

Assets

Current

Cash and short term investments	\$ 137,513	\$ 162,016
Receivables - City of Toronto	27,164	17,039
- Other	51,126	44,189
Prepays	<u>1,171</u>	<u>1,014</u>
	<u>216,974</u>	<u>224,258</u>

Long term

Receivable - City of Toronto (Note 4)	143,831	121,235
Capital assets (Note 5)	<u>78,599</u>	<u>2,737</u>
	<u>222,430</u>	<u>123,972</u>

	<u>\$ 439,404</u>	<u>\$ 348,230</u>
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Liabilities

Current

Payables and accruals - City of Toronto	\$ 4,468	\$ 4,750
- Other	105,111	83,532
Deferred revenue (Note 6)	<u>17,980</u>	<u>67,709</u>
	<u>127,559</u>	155,991

Long term

Deferred capital contribution (Note 7)	72,877	-
Employee benefits payable (Note 4)	<u>143,831</u>	<u>121,235</u>
	<u>344,267</u>	<u>277,226</u>

Net Assets

Invested in capital assets	78,599	2,737
Unrestricted program funds	<u>16,538</u>	<u>68,267</u>
	<u>95,137</u>	<u>71,004</u>

	<u>\$ 439,404</u>	<u>\$ 348,230</u>
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Commitments (Note 10)

Approved on behalf of the Board of Management

T. Honath Chair

Edward Clarke Treasurer
2008-06-10

See accompanying notes to the financial statements.

**Board of Management for the
Ralph Thornton Community Centre
Statement of Changes in Net Assets**

Year Ended December 31, 2007

	<u>Invested in Capital assets</u>	<u>Unrestricted</u>	<u>Total 2007</u>	<u>Total 2006</u>
Net assets, beginning of year	\$ 2,736	\$ 68,267	\$ 71,003	\$ 41,952
Excess of revenue over expenditures		24,134	24,134	29,052
Transfer of amortization to invested in capital assets	(11,340)	11,340	-	-
Investment in capital assets	<u>87,203</u>	<u>(87,203)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>78,599</u>	\$ <u>16,538</u>	\$ <u>95,137</u>	\$ <u>71,004</u>

See accompanying notes to the financial statements.

**Board of Management for the
Ralph Thornton Community Centre
Statement of Revenue and Expenditure**

Year Ended December 31

2007

2006

Program revenue

Grants

Provincial government	\$ 121,838	\$ -
Government of Canada (Note 8)	14,150	174,760
Toronto Board of Education	4,376	44,359
Foundations	27,588	37,216
City of Toronto	<u>67,408</u>	<u>72,163</u>
	235,360	328,498
Donations and fundraising	17,353	15,398
Rental fees	12,099	13,343
User fees	7,933	11,820
Other	<u>18,135</u>	<u>11,698</u>
	290,880	380,757

Program expenditures

Salaries and wages	191,929	236,787
Employee benefits	14,923	19,580
Purchase of services	28,895	50,658
Materials and supplies	20,865	42,842
Depreciation expense	<u>10,134</u>	<u>1,838</u>
	266,746	351,705

Excess of revenue over expenditures - Program 24,134 29,052

Administration revenue

Grant - administration (Note 9)	624,568	595,329
Rental income - Toronto Public Library	<u>39,365</u>	<u>39,365</u>
	663,933	634,694

Administration expenditures

Salaries and wages	434,211	427,303
Employee benefits	120,852	110,267
Purchase of services	81,590	76,135
Materials and supplies	26,074	20,989
Depreciation expenses	<u>1,206</u>	<u>-</u>
	663,933	634,694

Excess of revenue over expenditures \$ 24,134 \$ 29,052

See accompanying notes to the financial statements.

**Board of Management for the
Ralph Thornton 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 expenditures	\$ 24,134	\$ 29,052
Items not affecting working capital		
Amortization of capital assets	11,340	1,838
Deferred capital contribution	72,877	-
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(10,125)	(13,325)
- Other	(6,937)	75,026
Prepays	(157)	(504)
Long term account receivable - City of Toronto	(22,596)	(23,259)
Payables - City of Toronto	(282)	(9,525)
- Other	21,579	(10,755)
Deferred revenue	(49,729)	16,547
Long term employee benefits payable	22,596	23,259
	<u>62,700</u>	<u>88,354</u>
Investment activity		
Acquisition of capital assets	<u>(87,203)</u>	<u>-</u>
Net (decrease) increase in cash and short term investments	(24,503)	88,354
Cash and short term investments, beginning of year	<u>162,016</u>	<u>73,662</u>
Cash and short term investments, end of year	\$ <u>137,513</u>	\$ <u>162,016</u>

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton 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 No. 765 Queen Street East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Ralph Thornton Community Centre ("Centre"). The City purchased the property March 2004.

The Municipal Code provides for a Council appointed Board of Management 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. 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 Board of Management Ralph Thornton Community Centre (the "Organization") 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.

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

December 31, 2007

2. Change in accounting policy (continued)

The Organization has classified its cash receivables, and payables as held-for-trading and will classify any investments as held-for-trading. Upon adoption, as of January 1, 2007, there is no impact from this change in accounting policy.

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 asset. 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:

Computer hardware	- 3 years straight-line
Furniture, fixtures and equipment	- 5 years straight-line
Kitchen improvements	- 10 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. In addition, costs such as computer support, provided without charge by the City, are not reported.

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

December 31, 2007

3. Significant accounting policies (continued)

Use of estimates

The preparation 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.

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 non-union administration staff, unused sick leave can accumulate and employees may become 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 on terminating. 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 reduced benefits thereafter.

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. The actuarial valuation has resulted in an actuarial gain of \$124,760 which is being amortized on a straight-line basis over 11 years, being the expected average remaining service life of the employees.

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

December 31, 2007

4. 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>
Income benefits	\$ 18,199	\$ -
Continuation of benefits to disabled employees	5,923	-
Sick leave benefit plan	25,904	35,944
Post-retirement benefits	<u>24,369</u>	<u>133,671</u>
	74,395	169,615
Add: Unamortized actuarial gain (loss)	<u>69,436</u>	<u>(48,380)</u>
Employee benefit liability	<u>\$ 143,831</u>	<u>\$ 121,235</u>

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

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 121,235	\$ 97,976
Current service cost	27,581	11,741
Interest cost	3,500	9,673
Amortization of actuarial (gain) loss	(6,944)	4,398
Expected benefits paid	<u>(1,541)</u>	<u>(2,553)</u>
Balance, end of year	<u>\$ 143,831</u>	<u>\$ 121,235</u>

Expenditures in 2007 relating to employee 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	\$ 27,581	\$ 11,741
Interest cost	3,500	9,673
Amortization of actuarial (gain) loss	(6,944)	4,398
Expected benefits paid	<u>(1,541)</u>	<u>(2,553)</u>
Total expenditures related to post-retirement and post-employment benefits	<u>\$ 22,596</u>	<u>\$ 23,259</u>

A long term receivable of \$143,831 (2006 - \$121,235) has resulted from recording sick leave and post retirement benefits for administration staff benefits. Funding for these costs are 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. 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.

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

December 31, 2007

5. Capital assets			<u>2007</u>	<u>2006</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Kitchen improvements	\$ 79,389	\$ 7,939	\$ 71,450	\$ -
Computer hardware	35,569	35,569	-	-
Furniture, fixtures and equipment	<u>18,160</u>	<u>11,011</u>	<u>7,149</u>	<u>2,737</u>
	\$ <u>133,118</u>	\$ <u>54,519</u>	\$ <u>78,599</u>	\$ <u>2,737</u>

6. Deferred revenue	<u>2007</u>	<u>2006</u>
City of Toronto	\$ -	\$ 58,522
Toronto Arts Council	-	9,187
Other - grants for kitchen	<u>17,980</u>	-
	\$ <u>17,980</u>	\$ <u>67,709</u>

7. Deferred capital contribution

Contributions relating to the renovation of the kitchen, a program asset, are being deferred and amortized over the life of the asset (10 years).

8. Grants - Government of Canada	<u>2007</u>	<u>2006</u>
Human Resources Development Canada	\$ 14,150	\$ 145,114
National Crime Prevention Centre	-	<u>29,646</u>
	\$ <u>14,150</u>	\$ <u>174,760</u>

9. Funds provided - administration

Funding for administration is provided by the City according to Council approved budgets. Surplus amounts in administration are payable back to the City. Deficits, other than long-term employee benefits, are payable to the Centre subject to Council approval.

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

December 31, 2007

9. Funds provided - administration (continued)	<u>2007</u>	<u>2006</u>
Budgeted Administration expenditure:		
Approved budget for 2007 administrative expenses	\$ 573,300	\$ 536,800
Retro pay for compensation review	23,539	30,235
IT funding	-	1,469
Add: Rental Income - Toronto Public Library	<u>39,365</u>	<u>39,365</u>
	<u>636,204</u>	<u>607,869</u>
Actual administrative expenditure:		
Administrative expenditures as per financial statements	663,933	634,694
Less: Post retirement benefits	<u>(22,596)</u>	<u>(23,259)</u>
Funding allowed by City	<u>641,337</u>	<u>611,435</u>
Administration expenditure (over) approved budget	\$ <u>(5,133)</u>	\$ <u>(3,566)</u>

The over expenditure of \$5,133 in 2007 (2006 - \$3,566) is included in accounts (receivable from) the City. The over expenditure is receivable from the Centre subject to council approval.

	<u>2007</u>	<u>2006</u>
Approved administration budget	\$ 573,300	\$ 536,800
Post-retirement benefits	22,596	23,259
Retro pay for compensation review	23,539	30,235
IT funding	-	1,469
Funding receivable from the City	<u>5,133</u>	<u>3,566</u>
Grant-administration as per financial statements	\$ <u>624,568</u>	\$ <u>595,329</u>

10. Lease commitments

The minimum operating lease payments required for the operating program are as follows:

2008	\$ 15,837
2009	15,837
2010	<u>15,837</u>
	\$ <u>47,511</u>