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Financial Statements

**Board of Management for the Scadding Court
Community Centre**

December 31, 2007

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Auditors' report

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To the Council of the Corporation of the

Board of Management for the Scadding Court Community Centre

We have audited the balance sheet of the **Board of Management for the Scadding Court Community Centre** as at December 31, 2007 and the statements of revenue and expenses, 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.

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 our opinion, 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 and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Toronto, Ontario
April 8, 2008

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Scadding Court Community Centre
Statement of Revenue and Expenses**

Year Ended December 31, 2007

	<u>2007 Budget</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Administration			
Salaries and wages	\$ 602,764	\$ 677,106	\$ 555,252
Employee benefits	152,603	212,866	181,659
Materials and supplies	29,113	17,233	19,483
Purchase of services	65,650	36,774	29,664
Amortization of capital assets	-	6,141	5,978
Amortization of deferred capital contributions	-	<u>(6,141)</u>	<u>(5,978)</u>
	<u>850,130</u>	<u>943,979</u>	<u>786,058</u>
Funds provided by City of Toronto			
City funding - administration	<u>850,130</u>	<u>943,979</u>	<u>786,058</u>
Excess of revenue over expenses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

Board of Management for the Scadding Court Community Centre Balance Sheet

December 31 2007 2006

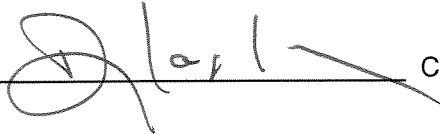
Assets


Current		
Cash	\$ -	\$ 3,794
Receivables		
- City of Toronto	61,083	8,329
- City of Toronto - vacation pay	6,398	21,249
- Scadding Court Community Centre, Inc.	1,108	53
- Other	5,584	2,998
Prepays	<u>413</u>	<u>3,855</u>
	<u>74,586</u>	<u>40,278</u>
Long term		
Receivable - City of Toronto (Note 5)	281,290	231,419
Capital assets (Note 6)	<u>15,010</u>	<u>15,528</u>
	<u>296,300</u>	<u>246,947</u>
	<u>\$ 370,886</u>	<u>\$ 287,225</u>

Liabilities

Current		
Bank indebtedness	\$ 813	\$ -
Payables and accruals		
- City of Toronto	221	415
- Scadding Court Community Centre, Inc. (Note 8)	32,038	5
- Vacation pay payable	6,398	21,249
- Other	<u>35,116</u>	<u>18,609</u>
	<u>74,586</u>	<u>40,278</u>
Long term		
Deferred capital contributions	15,010	15,528
Employee benefits payable	<u>281,290</u>	<u>231,419</u>
	<u>296,300</u>	<u>246,947</u>
	<u>\$ 370,886</u>	<u>\$ 287,225</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Scadding Court Community Centre
Statement of Cash Flows**

Year Ended December 31

2007

2006

Increase (decrease) in cash

Operating activities

Adjustment for non-cash items:

Amortization of capital assets \$ 6,141 \$ 5,978

Amortization of deferred capital contributions (6,141) (5,978)

Increase (decrease) resulting from changes in:

Receivable - City of Toronto (52,754) 8,577

- City of Toronto - Vacation pay 14,851 (4,380)

- Scadding Court Community Centre, Inc. (1,055) (28)

- Other (2,586) 2,223

Prepaid expenses 3,442 (3,464)

Payables - City of Toronto (194) 221

- Scadding Court Community Centre, Inc. 32,033 (14,885)

- Vacation pay payable (14,851) 4,380

- Other 16,507 (6,302)

Long term account receivable - City of Toronto (49,871) (40,429)

Long term employee liabilities 49,871 40,429

(4,607) (13,658)

Investing activities

Acquisition of capital assets 5,623 7,035

City of Toronto financing of capital assets (5,623) (7,035)

- -

Net (decrease) in cash (4,607) (13,658)

Cash, beginning of year 3,794 17,452

(Bank indebtedness) cash, end of year \$ (813) \$ 3,794

See accompanying notes to the financial statements.

Board of Management for the Scadding Court 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 707 Dundas Street West, Toronto, as a community recreation centre under the Community Recreation Centres Act, known as Scadding Court Community Centre (the "Centre").

The Municipal Code provides for a Council appointed Committee 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.

2. Financial statements

The Municipal Code required that the Committee of Management submit audited annual financial statements for the Centre to the City covering the management and control of the premises by the Committee. These financial statements reflect the operations of the Centre relating to administration expenditure funded by the City of Toronto. Effective January 1, 2002, separate financial records were established for Scadding Court Community Centre, Inc., a registered charitable organization, and separate financial statements are prepared for its revenue and expenditure from programs.

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 Board of Management Scadding Court 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.

Board of Management for the Scadding Court Community Centre 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 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.

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

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. 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.

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 Scadding Court 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 judgment 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 pro-rated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.

Financial instruments

The Company's estimate of the fair market value of financial instruments included in current assets and current liabilities approximates their carrying values.

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 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 and reduced benefits thereafter.

Board of Management for the Scadding Court Community Centre 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 mid 2007 and has been extrapolated to provide the accrued benefit obligation as of December 31, 2007. The actuarial valuation has resulted in an actuarial gain of \$97,395 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>
Post retirement benefits	\$ 121,795	\$ 215,551
Continuation of benefits to disabled employees	125,797	-
Income benefits	281,524	-
Sick leave benefit	<u>39,266</u>	<u>87,291</u>
	<u>568,382</u>	<u>302,842</u>
Less: Unamortized actuarial loss	<u>287,092</u>	<u>71,423</u>
Employee benefit liability	<u>\$ 281,290</u>	<u>\$ 231,419</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 231,419	\$ 190,990
Current service cost	38,646	21,044
Interest cost	26,761	17,266
Amortization of actuarial loss	28,709	6,493
Expected benefits paid	<u>(44,245)</u>	<u>(4,374)</u>
Balance, end of year	<u>\$ 281,290</u>	<u>\$ 231,419</u>

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

	<u>2007</u>	<u>2006</u>
Current service cost	\$ 38,646	\$ 21,044
Interest cost	26,761	17,266
Amortization of actuarial gain	28,709	6,493
Less: Expected benefits paid	<u>(44,245)</u>	<u>(4,374)</u>
Total expenditures related to post-retirement and post-employment benefits	<u>\$ 49,871</u>	<u>\$ 40,429</u>

A long term receivable from the City has resulted from recording of staff benefits 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 staff that may be incurred by the Centre.

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2007

5. Employee benefits (continued)

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>
Computers	\$ 13,267	\$ 11,306	\$ 1,961	\$ 3,425
Furniture and equipment	<u>28,651</u>	<u>15,602</u>	<u>13,049</u>	<u>12,103</u>
	<u>\$ 41,918</u>	<u>\$ 26,908</u>	<u>\$ 15,010</u>	<u>\$ 15,528</u>

7. Funds provided by City of Toronto - administration

Funding for administration expenses is provided by the City according to Council approved budgets. Surplus amounts in administration are payable back to the City. Deficits, excluding those accruals for 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 expenditure:		
Centre's approved budget for 2007 administration expenses	\$ <u>850,130</u>	\$ <u>744,557</u>
Actual administration expenditure:		
Centre's actual administration expenses were	943,979	786,058
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term account receivable - City of Toronto	<u>(49,871)</u>	<u>(40,429)</u>
Add: Acquisition of capital assets	<u>5,623</u>	<u>7,035</u>
	<u>899,731</u>	<u>752,664</u>
Administration expenditure (over) approved budget	\$ <u>(49,601)</u>	\$ <u>(8,107)</u>

The over expenditure of \$49,601 (2006 - \$8,107 over expenditure) is included in accounts receivable from the City.

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

December 31, 2007

8. Payables and accruals - Scadding Court Community Centre, Inc.

During the year, the Organization was advanced funds in the amount of \$25,000 from an affiliated organization, Scadding Court Community Centre, Inc. The advances are non-interest bearing and are intended to be repaid within the next twelve months. In addition, purchases in the ordinary course of business amounted to \$7,038 (2006 - \$5).