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RETURNED TO
GRANT THORNTON

Financial Statement

Board of Management for the
Swansea Town Hall Community Centre

December 31, 2007

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Auditors' report

Grant Thornton LLP
Royal Bank Plaza
19th Floor, South Tower
200 Bay Street, Box 55
Toronto, ON
M5J 2P9
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

To the Council of the Corporation of the

City of Toronto and the Board of Management for the

Swansea Town Hall Community Centre

We have audited the balance sheet of the **Board of Management for the Swansea Town Hall 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 provided in Note 5 have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Toronto, Ontario
March 11, 2008

Grant Thornton LLP

Chartered accountants
Licensed Public Accountants

Board of Management for the Swansea Town Hall Community Centre Balance Sheet

December 31 2007 2006

Assets

Current

| | | |
|---------------------------------|---------------|---------------|
| Cash and short term investments | \$ 29,990 | \$ 27,545 |
| Receivables - City of Toronto | 1,293 | 4,486 |
| Prepays | 1,230 | 1,463 |
| Inventory | <u>200</u> | <u>-</u> |
| | 32,713 | 33,494 |

Long term

| | | |
|---------------------------------------|------------------|------------------|
| Receivable - City of Toronto (Note 4) | <u>62,116</u> | <u>57,479</u> |
| | \$ 94,829 | \$ 90,973 |

Liabilities

Current

| | | |
|-----------------------|---------------|---------------|
| Payables and accruals | | |
| City of Toronto | \$ - | \$ 12,445 |
| Others | 28,366 | 20,274 |
| Deferred revenue | <u>1,076</u> | <u>775</u> |
| | 29,442 | 33,494 |

Long term

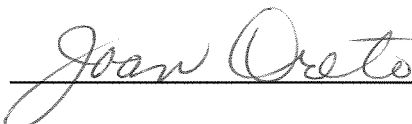
| | | |
|------------------------------------|---------------|---------------|
| Employee benefits payable (Note 4) | <u>62,116</u> | <u>57,479</u> |
| | 91,558 | 90,973 |

Capital Campaign Program Reserve (Note 6)

| | | |
|--|------------------|------------------|
| | <u>3,271</u> | <u>-</u> |
| | \$ 94,829 | \$ 90,973 |

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Swansea Town Hall Community Centre
Statement of Revenue and Expenses**

| Year Ended December 31 | 2007 | 2006 |
|--|----------------|----------------|
| Program revenue | | |
| Donation and fundraising | \$ 1,105 | \$ - |
| Event fees | 2,642 | - |
| Other | <u>585</u> | <u>-</u> |
| | <u>4,332</u> | <u>-</u> |
| Program expenditures | | |
| Materials and supplies | 443 | - |
| Purchase of service | 412 | - |
| Other | <u>206</u> | <u>-</u> |
| | <u>1,061</u> | <u>-</u> |
| Excess of program revenue over expenditures | <u>3,271</u> | <u>-</u> |
| Administrative revenue | | |
| Funds providing by City of Toronto | 277,846 | 289,034 |
| Rentals | 152,166 | 141,802 |
| Other | 2,366 | 2,346 |
| Refreshments | 4,500 | 2,160 |
| Photocopier | <u>1,425</u> | <u>682</u> |
| | <u>438,303</u> | <u>436,024</u> |
| Administrative expenditures | | |
| Salaries and wages | 232,545 | 222,313 |
| Purchased services | 120,294 | 130,225 |
| Employee benefits | 49,519 | 52,578 |
| Materials and supplies | <u>35,945</u> | <u>30,908</u> |
| | <u>438,303</u> | <u>436,024</u> |
| Excess of revenues over expenditures | 3,271 | - |
| Transfer to Capital Campaign Program Reserve | <u>(3,271)</u> | <u>-</u> |
| Net assets, end of year | \$ <u>-</u> | \$ <u>-</u> |

See accompanying notes to the financial statements.

**Board of Management for the
Swansea Town Hall Community
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 | \$ 3,271 | \$ - |
| Increase (decrease) resulting in changes in: | | |
| Receivable - City of Toronto | 3,193 | (3,386) |
| Payables - City of Toronto | (12,445) | (2,770) |
| Prepays | 233 | (1,463) |
| Payables and accruals | 8,092 | (38,218) |
| Deferred revenue | 301 | 532 |
| Inventory | (200) | - |
| Long term accounts receivable - City of Toronto | (4,637) | (16,265) |
| Long term employee benefits payable | 4,637 | 16,265 |
| | <u>2,445</u> | <u>(45,305)</u> |
| Net increase (decrease) in cash and short term investments | 2,445 | (45,305) |
| Cash and short term investments, beginning of year | <u>27,545</u> | <u>72,850</u> |
| Cash and short term investments, end of year | \$ <u>29,990</u> | \$ <u>27,545</u> |

See accompanying notes to the financial statements.

Board of Management for the Swansea Town Hall 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 95 Lavina Avenue, as a community recreation centre known as Swansea Town Hall Community Centre (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, 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 Swansea Town Hall 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.

Swansea Town Hall Community Centre has classified its cash and short term investments, receivables and payables 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 Swansea Town Hall 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

Revenues and expenses are presented using the accrual basis of accounting. Rental and similar revenues are recognized on the date of the performance or event.

Capital assets

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not reported in these financial statements. In accordance with the accounting recommendations for small not-for-profit organizations, the Centre expenses capital assets on acquisition. During 2007, capital assets expensed totalled \$29,744.

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.

Board of Management for the Swansea Town Hall Community Centre

Notes to the Financial Statements

December 31, 2007

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 management staff, unused sick leave accumulates and employees 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 retirement or termination. The Centre also provides health, dental, life insurance, accidental death or descendent 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.)

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed during 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 \$47,677 which is being amortized on a straight-line basis over 11 years, being the expected average remaining service life of the employees.

Information about the Complex'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 | \$ 5,133 | \$ 25,674 |
| Post-retirement benefits | <u>9,306</u> | <u>80,476</u> |
| | 14,439 | 106,150 |
| Deduct: Unamortized actuarial gain (loss) | <u>47,677</u> | <u>(48,671)</u> |
| Employee benefit liability | \$ <u>62,116</u> | \$ <u>57,479</u> |

The continuity of the accrued benefit obligation is as follows:

| | <u>2007</u> | <u>2006</u> |
|---------------------------------------|-------------------------|-------------------------|
| Balance, beginning of year | \$ 57,478 | \$ 41,214 |
| Current service cost | 9,246 | 7,359 |
| Interest cost | 671 | 6,053 |
| Amortization of actuarial (gain) loss | (4,768) | 4,425 |
| Expected benefits paid | <u>(511)</u> | <u>(1,572)</u> |
| Balance, end of year | \$ <u>62,116</u> | \$ <u>57,479</u> |

Board of Management for the Swansea Town Hall Community Centre

Notes to the Financial Statements

December 31, 2007

4. Employee benefits (continued)

Expenditures relating to employee benefits are included as employee benefit expenses for administration on the Statement of Revenue and Expenses and include the following components:

| | <u>2007</u> | <u>2006</u> |
|--|-----------------|------------------|
| Current service cost | \$ 9,246 | \$ 7,359 |
| Interest cost | 671 | 6,053 |
| Amortization of actuarial (gain) loss | <u>(4,768)</u> | <u>4,425</u> |
| Total expenditures related to post-retirement and post-employment benefits | \$ <u>5,149</u> | \$ <u>17,837</u> |

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. Employer contributions to this pension plan amounted to \$13,248 in 2007 (2006 - \$10,347).

5. Funds provided by the City of Toronto

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 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 | | |
| Salaries and benefits | \$ 305,900 | \$ 298,284 |
| Materials and supplies | 18,000 | 17,800 |
| Purchase of services | <u>73,500</u> | <u>73,700</u> |
| | 397,400 | 389,784 |
| Less: Budgeted revenue | <u>(122,500)</u> | <u>(120,000)</u> |
| Budgeted net City funding | <u>274,900</u> | <u>269,784</u> |

Board of Management for the Swansea Town Hall Community Centre Notes to the Financial Statements

December 31, 2007

| 5. Funds provided by the City of Toronto (continued) | <u>2007</u> | <u>2006</u> |
|---|-------------------------|--------------------------|
| Actual administration expenditure: | | |
| Centre's actual administration expenses | \$ 438,302 | \$ 436,024 |
| Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto | (4,637) | (16,264) |
| Deduct: Revenue earned | <u>(160,457)</u> | <u>(146,990)</u> |
| Funding allowed by City | <u>273,208</u> | <u>272,770</u> |
| Administration expenditure under (over) approved budget | \$ <u>1,692</u> | \$ <u>(2,986)</u> |

The under (over) expenditure of \$1,692 (2006 - (\$2,986)) is included in accounts payable to (receivable from) the City of Toronto.

6. Capital Campaign Program

The Board of Management created a Capital Campaign Program in October of 2007. These funds are earmarked for City approved project CCA 078-01 Phase II of basement expansion, and as such are not core administrative funds.

7. Comparative figures

Some comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.