



Grant Thornton

Financial Statements

Applegrove Community Complex

December 31, 2008

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Auditors' Report

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To the Council of the Corporation of the
**City of Toronto, the Board of Management and
Board of Directors of the Applegrove Community Complex**

We have audited the balance sheet of the **Applegrove Community Complex** as at December 31, 2008 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 Complex'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 Complex 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 Complex 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 Complex as at December 31, 2008 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 21, 2009



Chartered Accountants
Licensed Public Accountants

Applegrove Community Complex

Balance Sheet

December 31, 2008

2008

2007

Assets

Current

| | | |
|---------------------------------|--------------|------------|
| Cash and short term investments | \$ 75,890 | \$ 116,074 |
| Receivables - City of Toronto | 44,905 | 34,188 |
| - Other | 17,402 | 15,354 |
| Prepays | <u>4,016</u> | <u>948</u> |
| | 142,213 | 166,564 |

Long term

| | | |
|------------------------------|-------------------|-------------------|
| Receivable - City of Toronto | <u>171,518</u> | <u>135,542</u> |
| | \$ <u>313,731</u> | \$ <u>302,106</u> |

Liabilities

Current

| | | |
|--------------------------------|-----------|-----------|
| Payables and accruals (Note 7) | \$ 77,194 | \$ 59,047 |
|--------------------------------|-----------|-----------|

Long term

| | | |
|-------------------------------------|--------------|-----------------|
| Employee benefits payable (Note 4) | 171,518 | 141,945 |
| Employee benefits payable - program | <u>6,608</u> | <u> </u> |
| | 255,320 | 200,992 |

Net Assets

| | | |
|------------------------------------|-------------------|-------------------|
| Restricted program funds (Page 10) | 62,570 | 90,169 |
| Unrestricted program funds | <u>(4,159)</u> | <u>10,945</u> |
| | 58,411 | 101,114 |
| | \$ <u>313,731</u> | \$ <u>302,106</u> |

Approved on behalf of the Board of Directors



Chairperson



Secretary

See accompanying notes to the financial statements.

Applegrove Community Complex

Statement of Revenue and Expenditure and Net Assets

Year Ended December 31, 2008

2008

2007

Program revenue

| | | |
|-----------------------------|----------------|----------------|
| Grants | | |
| City of Toronto | \$ 130,951 | \$ 140,601 |
| Province of Ontario | 11,236 | 1,461 |
| Government of Canada | 38,488 | 48,311 |
| Other grants | <u>51,410</u> | <u>86,707</u> |
| | 232,085 | 277,080 |
| Fundraising | 40,543 | 38,841 |
| Program and membership fees | <u>40,848</u> | <u>26,137</u> |
| | <u>313,476</u> | <u>342,058</u> |

Program expenditures

| | | |
|------------------------|----------------|----------------|
| Salaries and wages | 227,205 | 204,950 |
| Employee benefits | 47,421 | 41,372 |
| Materials and supplies | 48,572 | 46,630 |
| Purchase of services | <u>32,981</u> | <u>25,059</u> |
| | <u>356,179</u> | <u>318,011</u> |

| | | |
|---|-----------------|---------------|
| Excess of revenue over expenditures - program | <u>(42,703)</u> | <u>24,047</u> |
|---|-----------------|---------------|

Administration expenditures

| | | |
|-------------------------|----------------|----------------|
| Salaries and wages | 241,015 | 246,045 |
| Employee benefits | 58,213 | 52,824 |
| Materials and supplies | 8,357 | 11,039 |
| Furniture and equipment | 2,844 | 1,400 |
| Purchase of services | <u>80,680</u> | <u>79,198</u> |
| | <u>391,109</u> | <u>390,506</u> |

Funds provided by City of Toronto

| | | |
|----------------------------|----------------|----------------|
| Interest and other revenue | 389,916 | 390,423 |
| | <u>1,193</u> | <u>83</u> |
| | <u>391,109</u> | <u>390,506</u> |

| | | |
|---|----------|--------|
| Excess of (expenditures over revenues) revenue over expenditures | (42,703) | 24,047 |
|---|----------|--------|

| | | |
|-------------------------------|----------------|---------------|
| Net assets, beginning of year | <u>101,114</u> | <u>77,067</u> |
|-------------------------------|----------------|---------------|

| | | |
|-------------------------|------------------|-------------------|
| Net assets, end of year | \$ <u>58,411</u> | \$ <u>101,114</u> |
|-------------------------|------------------|-------------------|

See accompanying notes to the financial statements.

Applegrove Community Complex

Statement of Cash Flows

Year Ended December 31, 2008

2008

2007

Increase (decrease) in cash and short term investments

Operating activities

| | | |
|---|------------------|-------------------|
| Excess of (expenditures over revenues) revenue over expenditures | \$ (42,703) | \$ 24,047 |
| Increase (decrease) resulting in changes in: | | |
| Receivable - City of Toronto | (10,716) | (9,935) |
| - Other | (2,048) | (9,270) |
| Prepays | (3,069) | (100) |
| Long term receivable - City of Toronto | (35,976) | (18,197) |
| Payables and accruals | 18,147 | 15,332 |
| Deferred revenue | - | (5,520) |
| Long term employee benefits payable | <u>36,181</u> | <u>18,398</u> |
| Net increase in cash and short term investments | (40,184) | 14,755 |
| Cash and short term investments, beginning of year | <u>116,074</u> | <u>101,319</u> |
| Cash and short term investments, end of year | \$ <u>75,890</u> | \$ <u>116,074</u> |

See accompanying notes to the financial statements.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2008

1. Establishment and operations

Non-profit corporation

Applegrove Community Complex (the "Complex") was incorporated in 1979 as a corporation without share capital and registered as corporation #417388 under the Ontario Corporations Act.

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 the addition to S.H. Armstrong Recreation Centre together with certain classrooms of the Duke of Connaught Public School and the office of the Woodfield Road Public School as a Community Recreation Centre under the Community Recreation Centres Act, known as Applegrove Community Complex (Complex).

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 (the "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.

The Municipal Act, 2001, and the AOCC Governance report, 2003, re-established the Committee of Management as a municipal service board.

Board of management

At the Annual Meeting on March 31, 2005, the Complex amended its constitution to specify that the Board of Management would function as a Standing Committee of the Board of Directors for the non-profit corporation.

At the Annual Meeting on March 28, 2007 and in accordance with the City of Toronto's Relationship Framework with the City-funded Community Centres, the Complex amended its constitution so that it had separate constitutions for the incorporated body and the City Agency continuing the structure of the Board of Management as a Standing Committee of the non-profit corporation.

2. Financial statements

The Municipal Code requires that audited annual financial statements be submitted by the Board of Management for the Complex to the City covering the management and control of the premises by the Committee. Because the Board of Management is a Standing Committee of the Board of Directors for the Corporation as a whole, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the Applegrove Community Complex as a whole, including the operations of the Board of Management.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2008

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

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions not expended are included as surplus for the year. Restricted contributions not expended are included as surplus under the specified program for the year. 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.

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. 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 Complex's best information and judgment and may differ significantly from actual results.

Employee related costs

The Complex has adopted the following policies with respect to employee benefit plans:

- (a) the Complex'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.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2008

4. Employee benefits

The Complex 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 accumulated until March 1, 2008, and eligible employees may be 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 can be taken in cash by an employee upon termination, retirement or death. This sick bank plan was replaced by a Short Term Disability Plan (STD) effective March 1, 2008, for all non-union employees of the City of Toronto. (Implementation was delayed until July 1, 2008, for middle managers at the community centres.) Upon the effective date, the sick bank was locked and no further days accumulate. Grandfathered management staff remains entitled to payout of frozen, banked time, as described above. Under the new STD plan, management employees are entitled to 130 days annual coverage with salary protection at 100 or 75 percent, depending upon years of service. Non-management employees continue to receive sick leave as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

The Complex also provides health, dental, accidental death and 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 mid 2008 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2008. The actuarial valuation has resulted in an actuarial gain of \$39,501 which is being amortized on a straight-line basis.

Information about the Complex's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| Sick leave benefit plan | \$ 58,554 | \$ 30,632 |
| Income benefit | 28,663 | 14,187 |
| Continuation of benefit to disabled employees | 9,416 | 4,676 |
| Post-retirement benefits | <u>35,384</u> | <u>31,793</u> |
| | 132,017 | 81,288 |
| Add: Unamortized actuarial gain | <u>39,501</u> | <u>60,657</u> |
| Employee benefit liability | \$ <u>171,518</u> | \$ <u>141,945</u> |

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2008

4. Employee benefits (continued)

The continuity of the accrued benefit obligation during 2008 is as follows:

| | | |
|--------------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 141,945 | \$ 123,547 |
| Current service cost | 28,747 | 22,552 |
| Interest cost | 6,195 | 3,855 |
| Amortization of actuarial gain | (3,383) | (6,066) |
| Expected benefits paid | <u>(1,986)</u> | <u>(1,943)</u> |
| Balance - City of Toronto | \$ <u>171,518</u> | \$ <u>141,945</u> |

A long term receivable results from recording sick leave and post retirement benefits for management staff. Funding for these costs is provided by the City as benefit costs are paid and the City is responsible for the City approved management staff benefit liabilities that may be incurred by the Complex. This amount is not included as employee benefit expenses on the Statement of Revenue and Expenditure. The Complex has also recorded its vacation accrual for administrative staff as a current receivable from the City. These amounts are not included as employee benefit expense on the Statement of Revenue and Expenditure. For program staff, both sick bank and vacation accrual amounts are included as employee benefit expenses on the Statement of Revenue and Expenditure.

The Complex 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 \$25,881 in 2008 (2007 - \$25,372).

5. Funds provided - City of Toronto

Funding for administration is provided by the City of Toronto equal to the Complex's budget approved by Council, or the actual funding required. The approved 2008 original administration budget plus the management staff benefit settlement payment are summarized as follows:

| | |
|-----------------------|-------------------|
| Salaries | \$ 238,740 |
| Fringe benefits | 54,556 |
| Material and supplies | 6,598 |
| Equipment | 3,619 |
| Purchase of services | <u>73,166</u> |
| | \$ <u>376,679</u> |

The Complex approved budget for 2008 administration expenditure plus benefit settlement for management staff was \$376,679 (2007 - \$379,499). The actual net administration expenditure amounts to \$391,109 (2007 - \$390,506). The over expenditure equal to \$14,301 (2007 - over expenditure \$10,924), is recorded as receivable from the City of Toronto.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2008

6. Lease commitments

The Complex has an operating lease for office equipment (photocopier and postage meter). Minimum operating lease payments in each of the next three years are as follows:

| | |
|------|-----------------|
| 2009 | \$ 3,419 |
| 2010 | 323 |
| 2011 | <u>323</u> |
| | \$ <u>4,065</u> |

7. Educational grant held in trust

For some years, the Complex has acted as trustee for two educational grants; from PWC Canada foundation and from Toronto Community Foundation. Any unexpended funds may be used by the beneficiaries or requested by funders for reimbursement in the near future. Consequently, the excess funds (totalling \$3,481) from these two grants have been recorded in accounts payable.

8. Financial instruments

Fair value

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.

9. Comparative figures

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

Applegrove Community Complex

Schedule of Program Activities and Fundraising

Year Ended December 31, 2008

| | Applegrove Drop-in | Edgewood Drop-in | HAIG Drop-in | Teen Program | Perinatal Program | Therapeutic Play | Summer Program | After school Program | Fundraising | Nevada Ticket |
|---|-----------------------|---------------------|-------------------|------------------|----------------------|---------------------|-------------------|-------------------------|--------------|------------------|
| Program revenues | | | | | | | | | | |
| Government grants | | | | | | | | | | |
| City of Toronto | \$ 95,508 | \$ 17,948 | \$ - | \$ 1,737 | \$ - | \$ - | \$ 9,296 | \$ - | \$ - | \$ - |
| Province of Ontario | 6,030 | - | 2,970 | - | - | - | 2,236 | - | - | - |
| Federal Government | - | - | - | - | 27,074 | - | 11,414 | - | - | - |
| Non-government grants | - | - | - | 7,500 | - | 26,750 | 16,525 | 1,462 | - | - |
| Donations | 2,050 | 813 | 160 | 1,664 | - | - | 5,050 | 100 | 761 | - |
| Fundraising | 1,713 | 712 | 331 | - | 300 | - | - | - | 3,891 | 9,648 |
| Membership/user fees/others | 2,822 | 1,158 | - | - | - | - | 17,970 | 7,527 | 2,954 | 3 |
| | <u>108,123</u> | <u>20,631</u> | <u>3,461</u> | <u>10,901</u> | <u>27,374</u> | <u>26,750</u> | <u>62,491</u> | <u>9,089</u> | <u>7,606</u> | <u>9,651</u> |
| Program expenditures | | | | | | | | | | |
| Salaries | 90,678 | 15,273 | 6,921 | 16,022 | 11,174 | 19,727 | 40,270 | 17,792 | - | - |
| Benefit | 30,564 | 6,164 | 454 | 1,910 | 687 | 1,697 | 3,835 | 1,234 | - | - |
| Materials and supplies | 3,103 | 2,719 | 916 | 2,448 | 19,162 | 677 | 5,328 | 3,342 | 714 | 1,364 |
| Furniture and equipment | 287 | - | - | 86 | - | 1,001 | - | - | - | - |
| Purchase of services | 2,948 | 1,254 | 473 | 1,654 | 933 | 319 | 8,424 | 928 | 380 | 4,993 |
| | <u>127,580</u> | <u>25,411</u> | <u>8,764</u> | <u>22,120</u> | <u>31,956</u> | <u>23,421</u> | <u>57,857</u> | <u>23,296</u> | <u>1,094</u> | <u>6,357</u> |
| Surplus (deficit) from program activities | (19,457) | (4,780) | (5,303) | (11,219) | (4,582) | 3,329 | 4,634 | (14,207) | 6,512 | 3,294 |
| Operating surplus, beginning of year | - | - | 19,294 | 17,951 | 4,592 | 32,850 | 3,604 | 15,479 | - | - |
| Operating surplus, end of year | (19,457) | (4,780) | 13,991* | 6,732* | 10* | 36,179* | 8,238 | 1,272* | 6,512 | 3,294 |
| Board approved transfers/subsidies | 9,026 | 2,120 | - | - | 4,386 | - | (4,634) | - | (6,512) | - |
| Operating surplus, post-transfer | <u>\$ (10,431)**</u> | <u>\$ (2,660)**</u> | <u>\$ 13,991*</u> | <u>\$ 6,732*</u> | <u>\$ 4,396*</u> | <u>\$ 36,179*</u> | <u>\$ 3,603</u> | <u>\$ 1,272*</u> | <u>\$ -</u> | <u>\$ 3,294</u> |

* Restricted program funds total \$62,570 including end of year surplus of HAIG Drop-In, Teen Program, Perinatal Program, Therapeutic Play Program and After School Program.

** The deficits shown for the Applegrove Parent/Child Program and the Edgewood Connection are largely comprised of accrued sick and vacation leave for relevant staff.