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Financial Statements

**Board of Management for the Cecil Street
Community Centre**

December 31, 2008

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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
Cecil Street Community Centre

We have audited the balance sheet of the Board of Management for the Cecil Street Community Centre 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 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, 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
April 4, 2009

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Board of Management for the Cecil Street Community Centre Statement of Revenue and Expenditure

Year Ended December 31

2008

2007

Program revenue

City of Toronto grants	\$ 41,226	\$ 24,302
Federal grant	4,311	4,182
Provincial grant	2,730	-
Early Years Centre (purchase of service)	<u>21,718</u>	<u>21,718</u>
	69,985	50,202

Rentals	26,603	25,601
Fundraising	17,967	16,451
Program fees	14,772	15,456
Interest	3,472	3,354
Other income	1,299	1,692
Donations	<u>3,722</u>	<u>1,190</u>
	137,820	113,946

Program expenditures

Salaries and wages	96,794	75,802
Employee benefits	10,519	9,120
Materials and supplies	13,462	10,503
Purchase of services	18,608	18,590
Amortization of program assets	<u>2,178</u>	<u>2,178</u>
	141,561	116,193

Program (deficiency)	<u>(3,741)</u>	<u>(2,247)</u>
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Administration expenditures

Salaries and wages	430,275	443,163
Employee benefits	115,312	117,238
Purchase of services	82,367	68,972
Materials and supplies	38,131	36,155
Amortization of administration assets	<u>1,050</u>	<u>-</u>
	667,135	665,528

Funds provided by City of Toronto

Administration (Note 6)	<u>667,135</u>	<u>665,528</u>
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(Deficiency) of revenues over expenditures	\$ <u>(3,741)</u>	\$ <u>(2,247)</u>
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See accompanying notes to the financial statements.

**Board of Management for the
Cecil Street Community Centre
Statement of Changes in Net Assets**

Year Ended December 31, 2008

	Invested in <u>Capital assets</u>	Board Designated <u>Reserve</u>	<u>Unrestricted</u>	<u>Total</u> <u>2008</u>	<u>Total</u> <u>2007</u>
Net assets, beginning of year	\$ 2,897	\$ 45,100	\$ 8,145	\$ 56,142	\$ 58,389
(Deficiency) of revenue over expenditure	-	-	(3,741)	(3,741)	(2,247)
Transfer of amortization to invested in capital assets	<u>(2,178)</u>	<u>-</u>	<u>2,178</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>719</u>	\$ <u>45,100</u>	\$ <u>6,582</u>	\$ <u>52,401</u>	\$ <u>56,142</u>

See accompanying notes to the financial statements.

Board of Management for the Cecil Street Community Centre Balance Sheet

December 31

2008

2007

Assets

Current

Cash and short term investments	\$ 107,035	\$ 114,273
Receivables - City of Toronto	2,848	-
- City of Toronto (vacation pay)	9,726	7,623
- Other	5,393	5,439
Prepaid expenses	<u>1,721</u>	<u>2,129</u>
	126,723	129,464

Long term

Receivable - City of Toronto (Note 3)	156,247	136,081
Capital assets (Note 4)	<u>4,906</u>	<u>2,897</u>
	\$ 287,876	\$ 268,442

Liabilities

Current

Payables and accruals - City of Toronto	\$ -	\$ 1,358
- Other	<u>70,070</u>	<u>62,695</u>
	70,070	64,053
Deferred revenue	4,970	12,166
Deferred capital asset contributions from City of Toronto	<u>4,188</u>	<u>-</u>
	79,288	76,219

Long term

Employee benefits payable (Note 3)	<u>156,247</u>	<u>136,081</u>
	235,475	212,300

Net Assets

Invested in capital assets	719	2,897
Board designated reserve (Note 5)	45,100	45,100
Unrestricted surplus	<u>6,582</u>	<u>8,145</u>
	52,401	56,142
	\$ 287,876	\$ 268,442

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

Board of Management for the Cecil Street Community Centre Statement of Cash Flows

Year Ended December 31

2008

2007

Increase (decrease) in cash and short term investments

Operating activities

(Deficiency) of revenue over expenditure	\$ (3,741)	\$ (2,247)
Deferred capital contribution	4,188	-
Amortization of capital assets (program)	2,178	2,178
Amortization of capital assets (administration)	1,050	-
	<u>3,675</u>	<u>(69)</u>
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(4,951)	1,822
- Other	46	(870)
Prepays	408	67
Payables - City of Toronto	(1,358)	(10,359)
- Other	7,375	(25,715)
Deferred revenue	(7,196)	3,333
Long term employee benefits payable	20,166	20,795
Long term City of Toronto account receivable	<u>(20,166)</u>	<u>(20,795)</u>
	(5,676)	(31,722)
Purchase of capital assets	<u>(5,238)</u>	<u>-</u>
	<u>(10,914)</u>	<u>(31,722)</u>
Net (decrease) in cash and short term investments	(7,239)	(31,791)
Cash and short term investments, beginning of year	<u>114,273</u>	<u>146,064</u>
Cash and short term investments, end of year	\$ <u>107,034</u>	\$ <u>114,273</u>

See accompanying notes to the financial statements.

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2008

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 Centre of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established the premises at No. 58 Cecil Street, Toronto, as a community centre under the authority of the Municipal Act, known as Cecil Street Community Centre (the "Centre").

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 (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.

2. 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 Cecil Street Community Centre Notes to the Financial Statements

December 31, 2008

2. 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.

3. 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 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 bank time as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2008

3. Employee benefits (continued)

The Centre also provides health, dental, 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 2007 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2008. The actuarial valuation has resulted in an actuarial loss of \$28,833 which is being amortized over 10 years.

Information about the Centre'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	\$ 37,067	\$ 32,959
Post-retirement benefits	127,897	123,986
Continuation of benefits to disabled employees	5,022	2,494
Income benefits	<u>15,144</u>	<u>7,663</u>
	185,130	167,102
Add: Unamortized actuarial (loss)	<u>(28,883)</u>	<u>(31,021)</u>
Employee benefit liability	\$ <u>156,247</u>	\$ <u>136,081</u>

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

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 136,081	\$ 115,286
Current service cost	16,419	15,972
Interest cost	8,924	8,075
Amortization of actuarial loss	2,138	3,102
Expected benefits paid	<u>(7,315)</u>	<u>(6,354)</u>
Balance, end of year	\$ <u>156,247</u>	\$ <u>136,081</u>

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2008

3. Employee benefits (continued)

Expenditures in 2008 relating to employee benefits are included as administration expenses on the Statement of Revenue and Expenses and include the following components:

	<u>2008</u>	<u>2007</u>
Current service cost	\$ 16,419	\$ 15,972
Interest cost	8,924	8,075
Amortization of actuarial loss	2,138	3,102
Less: Expected benefits paid	<u>(7,315)</u>	<u>(6,354)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>20,166</u>	\$ <u>20,795</u>

A long term receivable from the City of Toronto has resulted from the recording of administration 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 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. 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 \$28,876 in 2008 (2007 - \$33,120).

4. Capital assets

			<u>2008</u>	<u>2007</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computers	\$ 5,685	\$ 5,685	\$ -	\$ 1,458
Furniture and equipment	<u>23,084</u>	<u>18,177</u>	<u>4,907</u>	<u>1,439</u>
	\$ <u>28,769</u>	\$ <u>23,862</u>	\$ <u>4,907</u>	\$ <u>2,897</u>

5. Board Designated Reserve

In 1992, the Board created a reserve for the establishment of new and expanded programs in future years.

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2008

6. 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 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>2008</u>	<u>2007</u>
Budgeted administration expenditure:		
Centre's approved budget for 2008 administration expenses was		
Salaries and benefits	\$ 531,866	\$ 529,161
Materials and supplies	42,339	41,334
Purchase of services	<u>72,746</u>	<u>72,566</u>
	<u>646,951</u>	<u>643,061</u>
Actual administration expenditure:		
Centre's actual administration expenses were	667,135	665,528
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(20,166)</u>	<u>(20,795)</u>
	<u>646,969</u>	<u>644,733</u>
Administration expenditure (over) approved budget	\$ <u>(18)</u>	\$ <u>(1,672)</u>

The over expenditure of \$18 (2007 - \$1,672) is included in accounts receivable from the City of Toronto.