



Grant Thornton

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Financial Statements

**Board of Management for the Harbourfront
Community Centre**

December 31, 2008

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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

To the Council of the Corporation of the
City of Toronto and the Board of Management for the
Harbourfront Community Centre

We have audited the balance sheet of the Board of Management for the Harbourfront 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 18, 2009

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Board of Management for the Harbourfront Community Centre

Balance sheet

December 31

2008

2007

Assets

Current

Cash and short term investments	\$ 674,842	\$ 659,418
Receivables - City of Toronto	49,099	66,996
- Other	11,058	16,090
Prepays	500	-
	<u>735,499</u>	<u>742,504</u>

Long term

Receivable - City of Toronto (Note 3)	239,201	220,664
Capital assets (Note 4)	<u>31,833</u>	<u>21,561</u>
	<u>\$ 1,006,533</u>	<u>\$ 984,729</u>

Liabilities

Current

Payables and accruals - City of Toronto	\$ -	\$ 1
- Other	147,501	79,816
Deferred revenue (Note 5)	<u>98,719</u>	<u>192,074</u>
	<u>246,220</u>	<u>271,891</u>

Long term

Employee benefits payable (Note 3)	260,068	239,471
Deferred capital contributions (Note 6)	<u>9,826</u>	<u>2,773</u>
	<u>516,114</u>	<u>514,135</u>


Net Assets

Invested in program capital assets (Note 4)	22,007	18,788
Unrestricted program funds	40,688	43,907
Reserves program funds (Note 7)	<u>427,724</u>	<u>407,899</u>
	<u>490,419</u>	<u>470,594</u>
	<u>\$ 1,006,533</u>	<u>\$ 984,729</u>

Approved on behalf of the Board of Management



Chair



Treasurer

See accompanying notes to the financial statements.

Board of Management for the Harbourfront Community Centre Statement of revenue and expenditures

Year ended December 31, 2008

	2008 <u>Budget</u> (Unaudited) (Note 8)	2008 <u>Actual</u>	2007 <u>Actual</u>
Program revenue			
Grants			
Government of Canada	\$ 124,576	\$ 137,127	\$ 121,641
City of Toronto	168,420	141,552	118,450
Other foundations/agencies	<u>35,783</u>	<u>39,287</u>	<u>43,925</u>
	328,779	317,966	284,016
Donations	45,400	49,935	46,774
Program and membership fees	90,447	114,530	78,600
Rental fees	74,230	77,278	82,431
Interest	<u>20,000</u>	<u>19,196</u>	<u>26,244</u>
	<u>558,856</u>	<u>578,905</u>	<u>518,065</u>
Program expenditures			
Salaries and wages	365,479	368,336	296,711
Employee benefits	52,917	48,679	32,959
Materials and supplies	111,704	106,914	98,923
Purchase of services	28,756	29,678	34,277
Amortization of program assets	-	5,473	3,560
	<u>558,856</u>	<u>559,080</u>	<u>466,430</u>
Excess of revenue over expenditures - Program	-	19,825	51,635
Administration expenditures			
Salaries and wages	782,856	799,063	857,599
Employee benefits	199,388	195,627	198,793
Materials and supplies	85,076	85,382	85,115
Purchase of services	79,913	82,142	83,902
Amortization of capital assets	-	1,654	1,436
Amortization of deferred capital contributions	-	(1,654)	(1,436)
	<u>1,147,233</u>	<u>1,162,214</u>	<u>1,225,409</u>
Funds provided by City of Toronto			
Administration (Note 9)	<u>1,147,233</u>	<u>1,162,214</u>	<u>1,225,409</u>
Administration excess of expenditures over revenue	-	-	-
Excess of revenue over expenditures - Program	\$ -	\$ 19,825	\$ 51,635

See accompanying notes to the financial statements.

**Board of Management for the
Harbourfront Community Centre
Statement of changes in net assets**

Year ended December 31, 2008

	<u>Capital assets</u>	Invested in <u>Restricted</u>	Internally <u>Unrestricted</u>	<u>Total</u> <u>2008</u>	Total <u>2007</u>
Net assets, beginning of year	\$ 18,788	\$ 407,899	\$ 43,907	\$ 470,594	\$ 418,959
Transfer (Note 10)	-	19,825	(19,825)	-	-
Excess of revenues over expenditures	<u>3,219</u>	<u>-</u>	<u>16,606</u>	<u>19,825</u>	<u>51,635</u>
Net assets, end of year	\$ <u>22,007</u>	\$ <u>427,724</u>	\$ <u>40,688</u>	\$ <u>490,419</u>	\$ <u>470,594</u>

See accompanying notes to the financial statements.

Board of Management for the Harbourfront Community Centre

Statement of cash flows

Year Ended December 31

2008

2007

Increase (decrease) in cash and short term investments

Operating activities

Excess of revenue over expenditures	\$ 19,825	\$ 51,635
Amortization of capital assets	7,127	4,996
Amortization of deferred capital contributions	(1,654)	(1,436)
Increase (decrease) resulting from changes in:		
Receivable - City of Toronto	17,897	(38,006)
- Other	5,032	(2,323)
Prepays	(500)	-
Payables - City of Toronto	(1)	(19,022)
- Other	67,685	12,252
Deferred revenue	(93,355)	96,444
Long term account receivable - City of Toronto	(18,537)	(16,504)
Long term employee benefits payable	20,597	18,338
	<u>24,116</u>	<u>106,374</u>

Financing activity

Acquisition of capital assets - program	<u>(8,692)</u>	<u>(7,261)</u>
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Net increase in cash and short term investments	15,424	99,113
Cash and short term investments, beginning of year	<u>659,418</u>	<u>560,305</u>
Cash and short term investments, end of year	\$ <u>674,842</u>	\$ <u>659,418</u>

See accompanying notes to the financial statements.

Board of Management for the Harbourfront 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 of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established part of the premises at 627 Queens Quay West, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Harbourfront 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 (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

In the year of acquisition half of above rates is applied, and prorated for the number of months from date of acquisition to the end of the year.

Board of Management for the Harbourfront Community Centre Notes to the financial statements

December 31, 2008

2. Significant accounting policies (continued)

Deferred capital contribution

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.

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 Centre's best information and judgement 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.

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 accumulates and eligible employees may be entitled to a cash payment upon leaving 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 the employee upon termination, retirement or death. The Centre also provides health, dental, accidental death & 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.

Board of Management for the Harbourfront Community Centre Notes to the financial statements

December 31, 2008

3. Employee benefits (continued)

Due to complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed in 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 \$95,437 which is being amortized on a straight-line basis over 10 years, being the expected average remaining service life of the employees.

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

	<u>2008</u>	<u>2007</u>
Sick leave benefit plan	\$ 54,538	\$ 49,279
Post-retirement benefits	<u>126,579</u>	<u>103,431</u>
	181,117	152,710
Add: Unamortized actuarial gain	<u>78,951</u>	<u>86,761</u>
Employee benefit liability	\$ <u>260,068</u>	\$ <u>239,471</u>

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

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 239,471	\$ 221,133
Current service cost	22,201	21,558
Interest cost	8,608	7,278
Amortization of actuarial gain	(7,810)	(8,676)
Expected benefits	<u>(2,402)</u>	<u>(1,822)</u>
Balance, end of year	\$ <u>260,068</u>	\$ <u>239,471</u>

Expenditures in 2008 relating to employee benefits are included as employee benefit expenses for program (\$ 2,060) and administration (\$18,537) on the Statement of Revenue and Expenditures and include the following components:

	<u>2008</u>	<u>2007</u>
Current service cost	\$ 22,201	\$ 21,558
Interest cost	8,608	7,278
Amortization of actuarial gain	<u>(7,810)</u>	<u>(8,676)</u>
	22,999	20,160
Less expected benefits paid during the year	<u>(2,402)</u>	<u>(1,822)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>20,597</u>	\$ <u>18,338</u>

Board of Management for the Harbourfront Community Centre Notes to the financial statements

December 31, 2008

3. Employee benefits (continued)

A long-term receivable of \$239,201 (2007 - \$220,664) has resulted from recording sick leave and post retirement benefits for administration staff. 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. Sick leave and post retirement benefit liabilities for program staff amounted to \$20,868 (2007 - \$18,808) are the responsibility of the Centre and are not recoverable from the City.

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.

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>
Program furniture, fixtures and equipment	\$ 57,040	\$ 35,033	\$ 22,007	\$ 18,788
Administration furniture, fixtures and equipment	<u>141,145</u>	<u>131,319</u>	<u>9,826</u>	<u>2,773</u>
	\$ <u>198,185</u>	\$ <u>166,352</u>	\$ <u>31,833</u>	\$ <u>21,561</u>

5. Deferred revenue		<u>2008</u>	<u>2007</u>
Government of Canada		\$ 14,631	\$ 18,365
City of Toronto		58,059	104,465
Other		<u>26,028</u>	<u>69,244</u>
		\$ <u>98,718</u>	\$ <u>192,074</u>

6. Deferred capital contributions

Deferred capital contribution represents the unamortized amount of restricted grants received from the City for the purchase of capital assets for use in administrative activities. The amortization of deferred capital contribution is recorded as revenue in the Statement of Revenue and Expenditure when the associated asset is brought into service.

Board of Management for the Harbourfront Community Centre Notes to the financial statements

December 31, 2008

7. Reserve program funds	<u>2008</u>	<u>2007</u>
Mission and Strategic Priority Reserve		
Children and Youth Reserve	\$ 78,615	\$ 58,790
Replacement of Capital Equipment	19,193	19,193
Special Project – Community Development	58,075	58,075
Special Project – Summer Program	35,000	35,000
Special Project – Capital Equipment	<u>51,635</u>	<u>51,635</u>
	<u>242,518</u>	<u>222,693</u>
Program Administration Reserve	<u>185,206</u>	<u>185,206</u>
	\$ <u>427,724</u>	\$ <u>407,899</u>

The Mission and Strategic Priority Reserve represents funds set aside by the Board of Management for future special projects relating to children and youth or special project initiatives, identified through strategic planning processes and for expenditures required to maintain the Centre's facility and/or for purchases of capital items not funded through other sources. The Program Administration Reserve represents funds set up to meet legal and financial obligations in the event of future funding uncertainties and legal and financial obligations for program salary and benefits not otherwise covered by city administration funds. Internally restricted net assets are not available for other purchases without approval of the Board of Management.

8. Budget data

Budget data for 2008 included in these financial statements represents budgets approved by the Board of Management for the Harbourfront Community Centre. The final approved City Council Budget is \$1,147,233.

9. Funds provided - administration

Funding for administration expenditures 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.

The Centre's approved budget for 2008 administration was \$1,147,233 (2007 - \$1,194,687). The actual administration expenditures amounted to \$1,162,214 (2007 - \$1,225,409).

**Board of Management for the
Harbourfront Community Centre
Notes to the financial statements**

December 31, 2008

9. Funds provided - administration (continued)

The funding payable by the City in 2008 is \$1,100 (2007 - \$19,275).

	<u>2008</u>	<u>2007</u>
Administration grant paid by the City	\$ <u>1,147,233</u>	\$ <u>1,194,687</u>
Funding allowed by the City		
Administration expenditure for financial statements	1,162,214	1,225,409
Less:		
Expenditures not eligible for current year funding		
Vacation pay liability	(4,051)	5,057
Sick leave liability	(3,184)	(2,809)
Post retirement benefits obligations	(15,353)	(13,695)
Add:		
Capital assets - funded by administration grants	<u>8,707</u>	-
Funding allowed by the City	\$ <u>1,148,333</u>	\$ <u>1,213,962</u>
Funding owed by the City	\$ <u>(1,100)</u>	\$ <u>(19,275)</u>

10. Transfer

The Board approved the transfer of the 2008 program surplus of \$19,825 from unrestricted to internally restricted funds.