



Grant Thornton

TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

**Board of Management for the Ralph Thornton
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
Ralph Thornton Community Centre

We have audited the balance sheet of the **Board of Management for the Ralph Thornton 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 22, 2009

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Board of Management for the Ralph Thornton Community Centre Balance Sheet

December 31 2008 2007

Assets

Current

Cash and short term investments	\$ 189,445	\$ 137,513
Receivables - City of Toronto	27,886	27,164
- Other	88,125	51,126
Prepays	2,354	1,171
	<u>307,810</u>	<u>216,974</u>

Long term

Receivable - City of Toronto (Note 3)	170,510	143,831
Capital assets (Note 4)	70,211	78,599
	<u>240,721</u>	<u>222,430</u>

\$ 548,531 \$ 439,404

Liabilities

Current

Payables and accruals - City of Toronto	\$ 1,356	\$ 4,468
- Other	108,176	105,111
Deferred revenue (Note 5)	109,580	17,980
	<u>219,112</u>	<u>127,559</u>

Long term

Deferred capital contribution (Note 6)	64,581	72,877
Employee benefits payable (Note 3)	170,510	143,831
	<u>454,203</u>	<u>344,267</u>

Net Assets

Invested in capital assets	70,211	78,599
Unrestricted program funds	24,117	16,538
	<u>94,328</u>	<u>95,137</u>

\$ 548,531 \$ 439,404

Commitments (Note 11)

Approved on behalf of the Board of Management

 Chair  Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Ralph Thornton Community Centre
Statement of Changes in Net Assets**

Year Ended December 31, 2008

	<u>Invested in Capital assets</u>	<u>Unrestricted</u>	<u>Total 2008</u>	<u>Total 2007</u>
Net assets, beginning of year	\$ 78,599	\$ 16,538	\$ 95,137	\$ 71,003
Prior period adjustment (Note 7)	-	(17,936)	(17,936)	-
Excess of revenue over expenditures	-	17,127	17,127	24,134
Transfer of amortization to invested in capital assets	(10,829)	10,829	-	-
Investment in capital assets	<u>2,441</u>	<u>(2,441)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>70,211</u>	\$ <u>24,117</u>	\$ <u>94,328</u>	\$ <u>95,137</u>

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton Community Centre Statement of Revenue and Expenditure

Year Ended December 31

2008

2007

Program revenue

Grants

Provincial government	\$ 123,209	\$ 121,838
Government of Canada (Note 8)	14,243	14,150
Toronto Board of Education	-	4,376
Foundations	26,555	27,588
City of Toronto	<u>66,491</u>	<u>67,408</u>
	230,498	235,360
Donations and fundraising	49,726	17,353
Rental fees	10,948	12,099
User fees	7,721	7,933
Other	<u>19,628</u>	<u>18,135</u>
	<u>318,521</u>	<u>290,880</u>

Program expenditures

Salaries and wages	204,572	191,929
Employee benefits	22,341	14,923
Purchase of services	26,911	28,895
Materials and supplies	37,947	20,865
Depreciation expense	<u>9,623</u>	<u>10,134</u>
	<u>301,394</u>	<u>266,746</u>

Excess of revenue over expenditures - Program	<u>17,127</u>	<u>24,134</u>
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Administration revenue

Grant - administration (Note 9)	648,161	624,568
Rental income - Toronto Public Library	<u>39,396</u>	<u>39,365</u>
	<u>687,557</u>	<u>663,933</u>

Administration expenditures

Salaries and wages	447,639	434,211
Employee benefits	127,008	120,852
Purchase of services	79,819	81,590
Materials and supplies	31,885	26,074
Depreciation expenses	<u>1,206</u>	<u>1,206</u>
	<u>687,557</u>	<u>663,933</u>

Excess of revenue over expenditures	\$ <u>17,127</u>	\$ <u>24,134</u>
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See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton 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	\$ 17,127	\$ 24,134
Items not affecting working capital		
Amortization of capital assets	10,829	11,340
Deferred capital contribution	(8,296)	72,877
Prior period adjustment	(17,936)	-
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(722)	(10,125)
- Other	(36,999)	(6,937)
Prepays	(1,183)	(157)
Long term account receivable - City of Toronto	(26,679)	(22,596)
Payables - City of Toronto	(3,112)	(282)
- Other	3,065	21,579
Deferred revenue	91,600	(49,729)
Long term employee benefits payable	26,679	22,596
	<u>54,373</u>	<u>62,700</u>

Investment activity

Acquisition of capital assets	<u>(2,441)</u>	<u>(87,203)</u>
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Net increase (decrease) in cash and short term investments 51,932 (24,503)

Cash and short term investments, beginning of year 137,513 162,016

Cash and short term investments, end of year \$ 189,445 \$ 137,513

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton 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 No. 765 Queen Street East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Ralph Thornton Community Centre ("Centre"). The City purchased the property March 2004.

The Municipal Code provides for a Council appointed Board of Management 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 asset. 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.

Cash and short term investments

Cash include cash on hand and balances with banks. Short term investments include short term deposits with original maturities of twelve months or less.

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

December 31, 2008

2. Significant accounting policies (continued)

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:

Computer hardware	- 3 years straight-line
Furniture, fixtures and equipment	- 5 years straight-line
Kitchen improvements	- 10 years straight-line

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements. In addition, costs such as computer support, provided without charge by the City, are not reported.

Use of estimates

The preparation 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 non-union 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 with reduced benefits thereafter.

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

December 31, 2008

3. 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. The actuarial valuation has resulted in an actuarial gain of \$124,760 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 Centre's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2008</u>	<u>2007</u>
Income benefits	\$ 35,968	\$ 18,199
Continuation of benefits to disabled employees	11,927	5,923
Sick leave benefit plan	30,039	25,904
Post-retirement benefits	<u>26,894</u>	<u>24,369</u>
	104,828	74,395
Add: Unamortized actuarial gain	<u>65,682</u>	<u>69,436</u>
Employee benefit liability	\$ <u>170,510</u>	\$ <u>143,831</u>

The continuity of the accrued benefit obligation during 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 143,831	\$ 121,235
Current service cost	28,232	27,581
Interest cost	4,899	3,500
Amortization of actuarial (gain)	(3,754)	(6,944)
Expected benefits paid	<u>(2,698)</u>	<u>(1,541)</u>
Balance, end of year	\$ <u>170,510</u>	\$ <u>143,831</u>

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

	<u>2008</u>	<u>2007</u>
Current service cost	\$ 28,232	\$ 27,581
Interest cost	4,899	3,500
Amortization of actuarial (gain)	(3,754)	(6,944)
Expected benefits paid	<u>(2,698)</u>	<u>(1,541)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>26,679</u>	\$ <u>22,596</u>

A long term receivable of \$170,510 (2007 - \$143,831) has resulted from recording sick leave and post retirement benefits for administration staff benefits. Funding for these costs are 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.

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

December 31, 2008

3. 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.

4. Capital assets			<u>2008</u>	<u>2007</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Kitchen improvements	\$ 79,389	\$ 15,878	\$ 63,511	\$ 71,450
Computer hardware	38,009	36,382	1,627	-
Furniture, fixtures and equipment	<u>18,161</u>	<u>13,088</u>	<u>5,073</u>	<u>7,149</u>
	<u>\$ 135,559</u>	<u>\$ 65,348</u>	<u>\$ 70,211</u>	<u>\$ 78,599</u>

5. Deferred revenue		<u>2008</u>	<u>2007</u>
Metcalf Foundation	\$	12,194	\$ -
City of Toronto		10,144	-
Other - grants for Children Youth program		40,494	-
Other - grants for kitchen		23,670	17,980
Ministry of Training, Colleges and Universities		12,632	-
Canadian Tire		10,000	-
Miscellaneous (2009 rental fee)		<u>446</u>	<u>-</u>
		<u>\$ 109,580</u>	<u>\$ 17,980</u>

6. Deferred capital contribution

Contributions relating to the renovation of the kitchen, a program asset, are being deferred and amortized over the life of the asset (10 years).

Board of Management for the Ralph Thornton Community Centre

Notes to the Financial Statements

December 31, 2008

7. Prior period adjustment

The prior period adjustment consists of revisions to the 2003 - 2007 program surpluses and deficits for pension and interest costs. This relates to a pension omission period for a program employee. The breakdown is as follows:

2002	\$ 1,676
2003	4,402
2004	4,149
2005	4,100
2006	<u>3,611</u>
	\$ <u>17,938</u>

8. Grants - Government of Canada	<u>2008</u>	<u>2007</u>
Human Resources Development Canada	\$ <u>14,243</u>	\$ <u>14,150</u>

9. Funds provided - administration

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 payable to the Centre subject to Council approval.

	<u>2008</u>	<u>2007</u>
Budgeted Administration expenditure:		
Approved budget for 2008 administrative expenses	\$ 612,723	\$ 573,300
Retro pay for compensation review	-	23,539
Settlement - COTAPSAI	511	-
Add: Rental Income - Toronto Public Library	<u>39,396</u>	<u>39,365</u>
	<u>652,630</u>	<u>636,204</u>
Actual administrative expenditure:		
Administrative expenditures as per financial statements	687,557	663,933
Less: Post retirement benefits	<u>(26,679)</u>	<u>(22,596)</u>
Funding allowed by City	<u>660,878</u>	<u>641,337</u>
Administration expenditure (over) approved budget	\$ <u>(8,248)</u>	\$ <u>(5,133)</u>

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

December 31, 2008

9. Funds provided - administration (continued)

The over expenditure of \$8,248 in 2008 (2007 - \$5,133) is included in accounts (receivable from) the City. The over expenditure is receivable from the Centre subject to council approval.

	<u>2008</u>	<u>2007</u>
Approved administration budget	\$ 612,723	\$ 573,300
Post-retirement benefits	26,679	22,596
Retro pay for compensation review	511	23,539
Funding receivable from the City	<u>8,248</u>	<u>5,133</u>
Grant-administration as per financial statements	\$ <u>648,161</u>	\$ <u>624,568</u>

10. Financial instruments

Fair value of financial instruments

The estimated fair values of cash and short term investments, accounts receivables, accounts payables and amounts due to/from City of Toronto approximate carrying value due to the relatively short term nature of the instruments.

11. Lease commitments

The minimum operating lease payments required for the operating program are as follows:

2009	\$ 15,837
2010	15,837
2011	11,445
2012	<u>9,721</u>
	\$ <u>52,840</u>