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Financial Statements

**Board of Management for
the Scadding Court Community Centre**

December 31, 2008

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Grant Thornton

Auditors' Report

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To the Council of the Corporation of the
Board of Management for the Scadding Court Community Centre

We have audited the balance sheet of the Board of Management for the Scadding Court Community Centre as at December 31, 2008 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.

Except as explained in the paragraph below, 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The previous report, dated March 6, 2009, has been withdrawn and the financial statements have been revised as described in Note 4.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Grant Thornton LLP

Toronto, Ontario
March 6, 2009, except for Note 4
which is as of May 7, 2009

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Scadding Court Community Centre
Statement of Revenue and Expenses**

Year Ended December 31, 2008

	<u>2008 Budget</u>	<u>2008 Actual</u>	<u>2007 Actual</u>
Administration			
Salaries and wages	\$ 582,100	\$ 622,691	\$ 677,106
Employee benefits	155,637	208,227	212,866
Materials and supplies	34,145	18,042	17,233
Purchase of services	63,064	40,265	36,774
Amortization of capital assets	-	5,631	6,141
Amortization of deferred capital contributions	-	(5,631)	(6,141)
	<u>834,946</u>	<u>889,225</u>	<u>943,979</u>
Funds provided by City of Toronto			
City funding - administration	<u>834,946</u>	<u>889,225</u>	<u>943,979</u>
Excess of revenue over expense	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

Board of Management for the Scadding Court Community Centre Balance Sheet

December 31 2008 2007

Assets

Current

Cash	\$ 934	\$ -
Receivables		
- City of Toronto	59,942	61,083
- City of Toronto - vacation pay	14,869	6,398
- Scadding Court Community Centre, Inc.	599	1,108
- Other	21,323	5,584
Prepays	<u>1,837</u>	<u>413</u>
	<u>99,504</u>	<u>74,586</u>

Long term

Receivable - City of Toronto (Note 4)	339,918	281,290
Capital assets (Note 5)	<u>13,995</u>	<u>15,010</u>
	<u>353,913</u>	<u>296,300</u>
	<u>\$ 453,417</u>	<u>\$ 370,886</u>

Liabilities

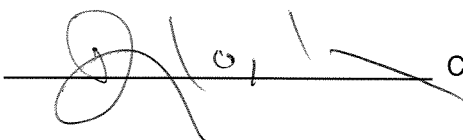
Current

Bank indebtedness	\$ -	\$ 813
Payables and accruals		
- City of Toronto	7,506	221
- Scadding Court Community Centre, Inc. (Note 7)	31,225	32,038
- Vacation pay payable	14,869	6,398
- Other	<u>45,904</u>	<u>35,116</u>
	<u>99,504</u>	<u>74,586</u>

Long term

Deferred capital contributions	13,995	15,010
Employee benefits payable	<u>339,918</u>	<u>281,290</u>
	<u>353,913</u>	<u>296,300</u>
	<u>\$ 453,417</u>	<u>\$ 370,886</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

Board of Management for the Scadding Court Community Centre Statement of Cash Flows

Year Ended December 31	2008	2007
Increase (decrease) in cash		
Operating activities		
Adjustment for non-cash items:		
Amortization of capital assets	\$ 5,631	\$ 6,141
Amortization of deferred capital contributions	(5,631)	(6,141)
Increase (decrease) resulting from changes in:		
Receivable - City of Toronto	1,141	(52,754)
- City of Toronto - Vacation pay	(8,471)	14,851
- Scadding Court Community Centre, Inc.	509	(1,055)
- Other	(15,739)	(2,586)
Prepaid expenses	(1,424)	3,442
Payables - City of Toronto	7,285	(194)
- Scadding Court Community Centre, Inc.	(813)	32,033
- Vacation pay payable	8,471	(14,851)
- Other	10,788	16,507
Long term account receivable - City of Toronto	(51,708)	(49,871)
Long term employee liabilities	51,708	49,871
	<u>1,747</u>	<u>(4,607)</u>
Investing activities		
Acquisition of capital assets	4,616	5,623
City of Toronto financing of capital assets	(4,616)	(5,623)
	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	1,747	(4,607)
(Bank indebtedness) cash, beginning of year	<u>(813)</u>	<u>3,794</u>
Cash (bank indebtedness), end of year	\$ <u>934</u>	\$ <u>(813)</u>

See accompanying notes to the financial statements.

Board of Management for the Scadding Court 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 707 Dundas Street West, Toronto, as a community recreation centre under the Community Recreation Centres Act, known as Scadding Court Community Centre (the "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.
-

2. Financial statements

The Municipal Code required that the Committee of Management submit audited annual financial statements for the Centre to the City covering the management and control of the premises by the Committee. These financial statements reflect the operations of the Centre relating to administration expenditure funded by the City of Toronto. Effective January 1, 2002, separate financial records were established for Scadding Court Community Centre, Inc., a registered charitable organization, and separate financial statements are prepared for its revenue and expenditure from programs.

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. 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.

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2008

3. Significant accounting policies

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

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 judgment 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 pro-rated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.

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 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 and reduced benefits thereafter.

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2008

4. 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 and has been extrapolated to provide the accrued benefit obligation as of December 31, 2008. The actuarial valuation has resulted in an actuarial loss of \$97,395 in 2002 and a loss of \$269,069 in 2006 which are being amortized on a straight-line basis over 15 years and 12.8 years respectively, being the expected average remaining service life of the employees.

The financial statements, as originally issued, have been revised for a change to the estimate of the accrued benefit obligation provided by the actuary.

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>
Post retirement benefits	\$ 132,449	\$ 121,795
Continuation of benefits to disabled employees	129,131	125,797
Income benefits	283,522	281,524
Sick leave benefit	<u>80,285</u>	<u>39,266</u>
	<u>625,387</u>	568,382
Less: Unamortized actuarial loss	<u>285,469</u>	<u>287,092</u>
Employee benefit liability	<u>\$ 339,918</u>	<u>\$ 281,290</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 281,290	\$ 231,419
Opening balance adjustment	6,920	-
Current service cost	43,102	38,646
Interest cost	29,451	26,761
Amortization of actuarial loss	24,077	28,709
Expected benefits paid	<u>(44,922)</u>	<u>(44,245)</u>
Balance, end of year	<u>\$ 339,918</u>	<u>\$ 281,290</u>

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

	<u>2008</u>	<u>2007</u>
Current service cost	\$ 43,102	\$ 38,646
Interest cost	29,451	26,761
Amortization of actuarial loss	24,077	28,709
Less: Expected benefits paid	<u>(44,922)</u>	<u>(44,245)</u>
Total expenditures related to post-retirement and post-employment benefits	<u>\$ 51,708</u>	<u>\$ 49,871</u>

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2008

4. Employee benefits (continued)

A long term receivable from the City has resulted from recording of staff benefits 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 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. 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.

5. 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	\$ 7,667	\$ 7,222	\$ 445	\$ 1,961
Furniture and equipment	<u>26,049</u>	<u>12,499</u>	<u>13,550</u>	<u>13,049</u>
	<u>\$ 33,716</u>	<u>\$ 19,721</u>	<u>\$ 13,995</u>	<u>\$ 15,010</u>

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 back to the City. Deficits, excluding those accruals for long term employee benefits, are to be 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	<u>\$ 834,946</u>	<u>\$ 850,130</u>
Actual administration expenditure:		
Centre's actual administration expenses were	<u>889,225</u>	943,979
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term account receivable - City of Toronto	<u>(51,708)</u>	(49,871)
Add: Acquisition of capital assets	<u>4,616</u>	<u>5,623</u>
	<u>842,133</u>	<u>899,731</u>
Administration expenditure (over) approved budget	<u>\$ (7,187)</u>	<u>\$ (49,601)</u>

The over expenditure of \$7,187 (2007 - \$49,601) is included in accounts receivable from the City.

**Board of Management for the
Scadding Court Community Centre
Notes to the Financial Statements**

December 31, 2008

7. Payables and accruals - Scadding Court Community Centre, Inc.

The amount payable to Scadding Court Community Centre Inc. is non-interest bearing and the intention is to repay the advance in the next twelve months.

8. Financial instruments

The Company's estimate of the fair market value of financial instruments included in current assets and current liabilities approximates their carrying values.

9. Comparative figures

Certain of the prior year figures have been reclassified to conform with the current year's presentation.