



Financial Statements

Applegrove Community Complex

December 31, 2009

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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 statement of financial position of the Applegrove Community Complex as at December 31, 2009 and the statements of operations, 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, 2009 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 15, 2010

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Applegrove Community Complex Statement of Financial Position

December 31, 2009

2009

2008

Assets

Current

Cash and short term investments	\$ 134,951	\$ 75,890
Receivables - City of Toronto	51,647	44,905
- Other	25,159	17,402
Prepays	<u>6,733</u>	<u>4,016</u>
	218,490	142,213

Long term

Receivable - City of Toronto (Note 4)	<u>191,536</u>	<u>171,518</u>
	\$ 410,026	\$ 313,731

Liabilities

Current

Payables and accruals (Note 7)	\$ 121,818	\$ 77,194
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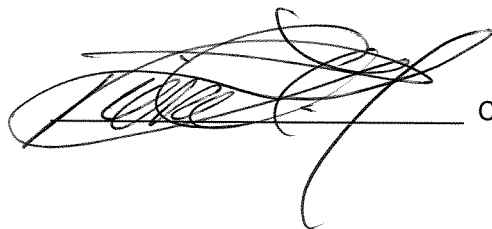
Long term

Employee benefits payable (Note 4)	191,536	171,518
Employee benefits payable - program	<u>6,608</u>	<u>6,608</u>
	319,962	255,320

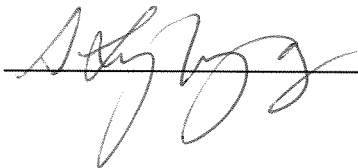
Net Assets

Restricted program funds (Page 10)	77,090	62,570
Unrestricted program funds	<u>12,974</u>	<u>(4,159)</u>
	90,064	58,411
	\$ 410,026	\$ 313,731

Approved on behalf of the Board of Directors



Chairperson



Secretary

See accompanying notes to the financial statements.

Applegrove Community Complex Statement of Operations

Year Ended December 31, 2009

2009

2008

Program revenue

Grants		
City of Toronto	\$ 135,501	\$ 130,951
Province of Ontario	45,705	11,236
Government of Canada	46,121	38,488
Other grants	<u>75,747</u>	<u>51,410</u>
	303,074	232,085
Fundraising	57,636	44,545
Program and membership fees	<u>46,561</u>	<u>36,846</u>
	<u>407,271</u>	<u>313,476</u>

Program expenditures

Salaries and wages	240,700	227,205
Employee benefits	51,196	47,421
Materials and supplies	54,098	48,572
Purchase of services	<u>29,624</u>	<u>32,981</u>
	<u>375,618</u>	<u>356,179</u>

Excess of revenue over expenditures - program 31,653 (42,703)

Administration expenditures

Salaries and wages	247,887	241,015
Employee benefits	61,323	58,213
Materials and supplies	6,136	8,357
Furniture and equipment	2,912	2,844
Purchase of services	<u>78,331</u>	<u>80,680</u>
	<u>396,590</u>	<u>391,109</u>

Funds provided by City of Toronto

Interest and other revenue	396,526	389,916
	<u>64</u>	<u>1,193</u>
	<u>396,590</u>	<u>391,109</u>

Excess of (expenditures over revenues)
revenue over expenditures 31,653 (42,703)

Net assets, beginning of year 58,411 101,114

Net assets, end of year \$ 90,064 \$ 58,411

See accompanying notes to the financial statements.

Applegrove Community Complex Statement of Cash Flows

Year Ended December 31, 2009

2009

2008

Increase (decrease) in cash and short term investments

Operating activities

Excess of (expenditures over revenues) revenue over expenditures	\$ 31,653	\$ (42,703)
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(6,742)	(10,716)
- Other	(7,757)	(2,048)
Prepays	(2,717)	(3,069)
Long term receivable - City of Toronto	(20,018)	(35,976)
Payables and accruals	44,624	18,147
Long term employee benefits payable	<u>20,018</u>	<u>36,181</u>
Net increase in cash and short term investments	59,061	(40,184)
Cash and short term investments, beginning of year	<u>75,890</u>	<u>116,074</u>
Cash and short term investments, end of year	\$ <u>134,951</u>	\$ <u>75,890</u>

See accompanying notes to the financial statements.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2009

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, 2009

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, 2009

3. Significant accounting policies (continued)

Financial instruments

The Complex adopted Canadian Institute of Chartered Accountants issued Handbook Section 3855, "*Financial Instruments – Recognition and Measurement*", and Section 3862, "*Financial Instruments – Disclosure and Section 3862 - Presentation*", which prescribe the criteria for recognition and presentation of financial instruments on the statement of financial position and the measurement of financial instruments according to prescribed classifications.

The Complex is required to designate its financial instruments into one of the following five categories: held for trading, available for sale, held to maturity, loans and receivables, and other financial liabilities. All financial instruments are to be initially measured at fair value.

Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost using the effective interest method.

The Complex has classified its cash and short term investments, receivables and payables and accruals as held-for-trading.

It is management's opinion that the Complex is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

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 (STDP) 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. Grandparented management staff remains entitled to payout of frozen, banked time, as described above. Under the new STDP 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.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2009

4. Employee benefits (continued)

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 in 2009 and provides the accrued benefit obligation as at December 31, 2009. The actuarial valuation has resulted in an actuarial loss of \$43,368 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>2009</u>	<u>2008</u>
Sick leave benefit plan	\$ 83,731	\$ 58,554
Income benefit	-	28,663
Continuation of benefit to disabled employees	-	9,416
Post-retirement benefits	<u>151,173</u>	<u>35,384</u>
	<u>234,904</u>	132,017
Add: Unamortized actuarial gain (loss)	<u>(43,368)</u>	<u>39,501</u>
Employee benefit liability	<u>\$ 191,536</u>	<u>\$ 171,518</u>

The continuity of the accrued benefit obligation during 2009 is as follows:

Balance, beginning of year	\$ 171,518	\$ 141,945
Current service cost	10,680	28,747
Interest cost	7,903	6,195
Amortization of actuarial gain	(1,435)	(3,383)
Expected benefits paid	<u>-</u>	<u>(1,986)</u>
Balance - City of Toronto	<u>\$ 191,536</u>	<u>\$ 171,518</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 \$26,438 in 2009 (2008 - \$25,881).

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2009

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 2009 administrative budget is summarized as follows:

	<u>Budget</u>
Salaries	\$ 244,369
Fringe benefits	60,419
Material and supplies	6,773
Equipment	3,227
Purchase of services	<u>76,124</u>
	\$ <u>390,912</u>

The Complex approved budget for 2009 administration expenditure was \$390,912 (2008 - \$376,679). The actual net administration expenditure amounts to \$396,526 (2008 - \$390,980). The over expenditure equal to \$5,614 (2008 - over expenditure \$14,301), is recorded as receivable from the City of Toronto.

6. Lease commitments

The Complex has an operating lease for a postage meter. Minimum operating lease payments in each of the next two years are as follows:

2010	323
2011	<u>323</u>
	\$ <u>646</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.

Applegrove Community Complex Schedule of Program Activities and Fundraising

Year Ended December 31, 2009

Program revenues	Applegrove Drop-in	Edgewood Drop-in	HAIG Drop-in	Teen Program	Perinatal Program	Therapeutic Play	Summer Program	After school Program	Fundraising	Nevada Ticket	Seniors Program
Government grants											
City of Toronto	\$ 98,462	\$ 18,686	\$ -	\$ 1,363	\$ -	\$ -	\$ 8,310	\$ 4,090	\$ -	\$ -	\$ -
Province of Ontario	10,922	-	1,078	-	-	-	2,253	-	-	-	31,452
Federal Government	-	-	-	-	30,885	-	11,427	-	-	-	-
Non-government grants	12,352	600	200	200	200	26,750	13,115	100	388	-	-
Donations	1,375	805	121	-	19	-	300	21,579	944	-	-
Fundraising	1,737	491	257	-	-	-	-	33	3,090	6,152	-
Membership/user fees/others	3,965	-	-	-	-	-	21,939	7,740	3,860	6	30
	<u>128,813</u>	<u>20,582</u>	<u>1,656</u>	<u>1,563</u>	<u>31,104</u>	<u>26,750</u>	<u>57,344</u>	<u>33,542</u>	<u>8,282</u>	<u>6,158</u>	<u>31,482</u>
Program expenditures											
Salaries	92,938	14,868	8,727	10,295	12,060	23,481	40,866	15,425	-	-	6,254
Benefit	32,765	6,385	766	939	910	2,174	3,728	1,075	-	-	973
Materials and supplies	3,161	1,576	928	1,964	22,028	2,033	5,179	2,556	1,150	839	1,570
Furniture and equipment	-	-	-	-	324	-	529	-	-	-	3,008
Purchase of services	3,142	1,126	383	473	581	831	7,366	513	574	3,099	1,980
	<u>132,006</u>	<u>23,955</u>	<u>10,804</u>	<u>13,671</u>	<u>35,903</u>	<u>28,519</u>	<u>57,668</u>	<u>19,569</u>	<u>1,724</u>	<u>3,938</u>	<u>13,785</u>
Surplus (deficit) from program activities	(3,193)	(3,373)	(9,148)	(12,108)	(4,799)	(1,769)	(324)	13,973	6,558	2,220	17,697
Operating surplus, beginning of year	(10,431)	(2,650)	13,991	6,732	4,396	36,179	3,604	1,272	-	-	-
Operating surplus, end of year	(13,624)	(6,033)	4,843*	(5,376)	(403)*	34,410*	3,280	15,245*	6,558	2,220	17,697
Board approved transfers/subsidies	2,500	3,373	-	13,000	5,298	-	-	-	-	-	-
Operating surplus, post-transfer	\$ (11,124)**	\$ (2,660)**	\$ 4,843*	\$ 7,624	\$ 4,895*	\$ 34,410*	\$ 3,280	\$ 15,245*	\$ 6,558	\$ 2,220	\$ 17,697

* Restricted program funds total \$77,090 including end of year surplus of HAIG Drop-In, Seniors 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.