



Financial Statements

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

December 31, 2009

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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 statement of financial position of the **Board of Management for the Ralph Thornton Community Centre** 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 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, 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
May 10, 2010

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Ralph Thornton Community Centre
Statement of Financial Position**

December 31 2009 2008

Assets

Current		
Cash and short term investments	\$ 158,369	\$ 189,445
Receivables - City of Toronto	31,428	27,886
- Other	89,713	88,125
Prepays	<u>2,458</u>	<u>2,354</u>
	<u>281,968</u>	<u>307,810</u>
Long term		
Receivable - City of Toronto (Note 3)	169,820	170,510
Capital assets (Note 4)	<u>63,436</u>	<u>70,211</u>
	<u>233,256</u>	<u>240,721</u>
	<u>\$ 515,224</u>	<u>\$ 548,531</u>

Liabilities

Current		
Payables and accruals - City of Toronto	\$ 4,285	\$ 1,356
- Other	62,871	108,176
Deferred revenue (Note 5)	<u>123,480</u>	<u>109,580</u>
	<u>190,636</u>	<u>219,112</u>
Long term		
Deferred capital contribution (Note 6)	58,698	64,581
Employee benefits payable (Note 3)	<u>169,820</u>	<u>170,510</u>
	<u>419,154</u>	<u>454,203</u>

Net Assets

Invested in capital assets	61,024	66,592
Unrestricted program funds	<u>35,046</u>	<u>27,735</u>
	<u>96,070</u>	<u>94,328</u>
	<u>\$ 515,224</u>	<u>\$ 548,531</u>

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, 2009

	<u>Invested in Capital assets</u>	<u>Unrestricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
Net assets, beginning of year	\$ 66,593	\$ 27,735	\$ 94,328	\$ 95,137
Prior period adjustment (Note 7)				(17,936)
Excess of revenue over expenditures		1,742	1,742	17,127
Transfer of amortization to invested in capital assets	(9,930)	9,930		-
Investment in capital assets	<u>4,361</u>	<u>(4,361)</u>	<u> </u>	<u> </u>
Net assets, end of year	\$ <u>61,024</u>	\$ <u>35,046</u>	\$ <u>96,070</u>	\$ <u>94,328</u>

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton Community Centre Statement of Operations

Year Ended December 31

2009

2008

Program revenue

Grants

Provincial government	\$ 119,456	\$ 123,209
Government of Canada (Note 8)	12,977	14,243
Other Grants	11,018	-
Foundations	25,196	26,555
City of Toronto	<u>75,973</u>	<u>66,491</u>
	244,620	230,498
Donations and fundraising	69,373	49,726
Rental fees	11,069	10,948
User fees	6,954	7,721
Other	<u>19,441</u>	<u>19,628</u>
	<u>351,457</u>	<u>318,521</u>

Program expenditures

Salaries and wages	255,490	204,572
Employee benefits	33,770	22,341
Purchase of services	16,573	26,911
Materials and supplies	33,952	37,947
Depreciation expense	<u>9,930</u>	<u>9,623</u>
	<u>349,715</u>	<u>301,394</u>

Excess of revenue over expenditures - Program	<u>1,742</u>	<u>17,127</u>
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Administration revenue

Grant - administration (Note 9)	656,844	648,161
Rental income - Toronto Public Library	<u>39,365</u>	<u>39,396</u>
	<u>696,209</u>	<u>687,557</u>

Administration expenditures

Salaries and wages	469,945	447,639
Employee benefits	106,083	127,008
Purchase of services	99,043	79,819
Materials and supplies	21,138	31,885
Depreciation	1,206	1,206
Amortization of deferred capital contribution	<u>(1,206)</u>	<u>-</u>
	<u>696,209</u>	<u>687,557</u>

Excess of revenue over expenditures	<u>\$ 1,742</u>	<u>\$ 17,127</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 2009 2008

Increase (decrease) in cash and short term investments

Operating activities

Excess of revenue over expenditures	\$ 1,742	\$ 17,127
Items not affecting working capital		
Amortization of capital assets	11,136	10,829
Deferred capital contribution	(5,883)	(8,296)
Prior period adjustment	-	(17,936)
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	(3,542)	(722)
- Other	(1,588)	(36,999)
Prepays	(104)	(1,183)
Long term account receivable - City of Toronto	690	(26,679)
Payables - City of Toronto	2,929	(3,112)
- Other	(45,305)	3,065
Deferred revenue	13,900	91,600
Long term employee benefits payable	(690)	26,679
	(26,715)	54,373

Investment activity

Acquisition of capital assets	(4,361)	(2,441)
Net increase (decrease) in cash and short term investments	(31,076)	51,932
Cash and short term investments, beginning of year	189,445	137,513
Cash and short term investments, end of year	\$ 158,369	\$ 189,445

See accompanying notes to the financial statements.

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

December 31, 2009

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, 2009

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, 2009

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 in 2009. The actuarial valuation has resulted in an actuarial loss of \$168,592 which is being amortized on a straight-line basis over 15 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>2009</u>	<u>2008</u>
Income benefits	\$ 142,234	\$ 35,968
Continuation of benefits to disabled employees	42,599	11,927
Sick leave benefit plan	31,384	30,039
Post-retirement benefits	<u>122,195</u>	<u>26,894</u>
	338,412	104,828
Less: Unamortized actuarial loss (gain)	<u>(168,592)</u>	<u>65,682</u>
Employee benefit liability	\$ <u>169,820</u>	\$ <u>170,510</u>

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

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 170,510	\$ 143,831
Current service cost	8,812	28,232
Interest cost	5,616	4,899
Amortization of actuarial loss (gain)	9,913	(3,754)
Expected benefits paid	<u>(25,031)</u>	<u>(2,698)</u>
Balance, end of year	\$ <u>169,820</u>	\$ <u>170,510</u>

Expenditures in 2009 relating to employee benefits are included as administration expenses on the Statement of Revenue and Expenditure and include the following components:

	<u>2009</u>	<u>2008</u>
Current service cost	\$ 8,812	\$ 28,232
Interest cost	5,616	4,899
Amortization of actuarial loss (gain)	9,913	(3,754)
Expected benefits paid	<u>(25,031)</u>	<u>(2,698)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>(690)</u>	\$ <u>26,679</u>

A long term receivable of \$169,820 (2008 - \$170,510) 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, 2009

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>2009</u>	<u>2008</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building and kitchen improvements	\$ 82,100	\$ 24,088	\$ 58,012	\$ 63,511
Computer hardware	38,009	37,196	814	1,627
Furniture, fixtures and equipment	<u>19,810</u>	<u>15,200</u>	<u>4,610</u>	<u>5,073</u>
	<u>\$ 139,919</u>	<u>\$ 76,484</u>	<u>\$ 63,436</u>	<u>\$ 70,211</u>

5. Deferred revenue			<u>2009</u>	<u>2008</u>
Metcalf Foundation			\$ 29,757	\$ 12,194
Toronto Community Housing			12,549	-
City of Toronto			12,190	10,144
Other - grants for Children Youth program			33,348	40,494
Other - grants for kitchen			23,669	23,670
Ministry of Training, Colleges and Universities			1,967	12,632
Canadian Tire			10,000	10,000
Miscellaneous (2009 rental fee)			<u>-</u>	<u>446</u>
			<u>\$ 123,480</u>	<u>\$ 109,580</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, 2009

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>2009</u>	<u>2008</u>
Human Resources Development Canada	\$ <u>12,977</u>	\$ <u>14,243</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>2009</u>	<u>2008</u>
Budgeted Administration expenditure:		
Approved budget for 2009 administrative expenses	\$ 637,972	\$ 612,723
Settlement - COTAPSAI	-	511
Add: Rental Income - Toronto Public Library	<u>39,365</u>	<u>39,396</u>
	<u>677,337</u>	<u>652,630</u>
Actual administrative expenditure:		
Administrative expenditures as per financial statements	696,209	687,557
Less: Depreciation of administrative assets	-	(1,206)
Add (less): Post retirement benefits	<u>690</u>	<u>(26,679)</u>
Funding allowed by City	<u>696,899</u>	<u>659,672</u>
Administration expenditure (over) approved budget	\$ <u>(19,562)</u>	\$ <u>(7,042)</u>

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

December 31, 2009

9. Funds provided - administration (continued)

The over expenditure of \$19,562 in 2009 (2008 - \$7,042) is included in accounts (receivable from) the City. The over expenditure is receivable from the Centre subject to council approval.

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 centre are as follows:

2010	\$ 15,837
2011	11,445
2012	<u>9,721</u>
	\$ <u>37,003</u>