



Grant Thornton

Financial Statements

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

December 31, 2009

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Grant Thornton

Auditors' Report

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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 statement of financial position of the Board of Management for the Harbourfront 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.

Grant Thornton LLP

Toronto, Ontario
April 20, 2010

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Harbourfront Community Centre
Statement of Financial Position**

December 31 2009 2008

Assets

Current

Cash and short term investments	\$ 714,553	\$ 674,842
Receivables - City of Toronto	29,416	49,099
- Other	10,458	11,058
Prepays	<u>3,215</u>	<u>500</u>
	757,642	735,499

Long term

Receivable - City of Toronto (Note 3)	260,569	239,201
Capital assets (Note 4)	<u>29,413</u>	<u>31,833</u>
	<u>\$ 1,047,624</u>	<u>\$ 1,006,533</u>

Liabilities

Current

Payables and accruals - City of Toronto	\$ 32	\$ -
- Other	115,119	147,501
Deferred revenue (Note 5)	<u>146,363</u>	<u>98,719</u>
	261,514	246,220




Long term

Employee benefits payable (Note 3)	283,810	260,068
Deferred capital contributions (Note 6)	<u>14,109</u>	<u>9,826</u>
	<u>559,433</u>	<u>516,114</u>

Net Assets

Invested in program capital assets (Note 4)	15,304	22,007
Unrestricted program funds	45,163	40,688
Reserves program funds (Note 7)	<u>427,724</u>	<u>427,724</u>
	<u>488,191</u>	<u>490,419</u>
	<u>\$ 1,047,624</u>	<u>\$ 1,006,533</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 Operations

Year ended December 31 2009 2008

Program revenue		
Grants		
Government of Canada	\$ 119,638	\$ 137,127
City of Toronto	126,053	141,552
Other foundations/agencies	<u>49,687</u>	<u>39,287</u>
	295,378	317,966
Donations	57,801	49,935
Program and membership fees	111,108	114,530
Rental fees	67,789	77,278
Interest	<u>3,754</u>	<u>19,196</u>
	<u>535,830</u>	<u>578,905</u>
Program expenditures		
Salaries and wages	352,682	368,336
Employee benefits	50,419	48,679
Materials and supplies	96,525	106,914
Purchase of services	31,729	29,678
Amortization of capital assets	<u>6,703</u>	<u>5,473</u>
	<u>538,058</u>	<u>559,080</u>
Excess of (expenditures over revenues) revenues over expenditures - Program	<u>(2,228)</u>	<u>19,825</u>
Administration expenditures		
Salaries and wages	771,810	799,063
Employee benefits	211,790	195,627
Materials and supplies	106,869	85,382
Purchase of services	116,437	82,142
Amortization of capital assets	3,896	1,654
Amortization of deferred capital contributions	<u>(3,896)</u>	<u>(1,654)</u>
	<u>1,206,906</u>	<u>1,162,214</u>
Funds provided by City of Toronto Administration (Note 8)	<u>1,206,906</u>	<u>1,162,214</u>
Administration excess of expenditures over revenue	<u>-</u>	<u>-</u>
Excess of (expenditures over revenues) revenues over expenditures - Program	<u>\$ (2,228)</u>	<u>\$ 19,825</u>

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, 2009

	<u>Invested in Capital assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
Net assets, beginning of year	\$ 22,007	\$ 427,724	\$ 40,688	\$ 490,419	\$ 470,594
Excess of revenues over expenditures			(2,228)	(2,228)	-
Transfer of amortization to invested in capital assets	<u>(6,703)</u>	<u>-</u>	<u>6,703</u>	<u>-</u>	<u>19,825</u>
Net assets, end of year	\$ <u>15,304</u>	\$ <u>427,724</u>	\$ <u>45,163</u>	\$ <u>488,191</u>	\$ <u>490,419</u>

See accompanying notes to the financial statements.

**Board of Management for the
Harbourfront Community Centre
Statement of Cash Flows**

Year Ended December 31

2009

2008

Increase (decrease) in cash and short term investments

Operating activities

Excess of (expenditures over revenues)

revenues over expenditures	\$ (2,228)	\$ 19,825
Amortization of capital assets	10,599	7,127
Amortization of deferred capital contributions	(3,896)	(1,654)

Increase (decrease) resulting from changes in:

Receivable - City of Toronto	19,683	17,897
- Other	600	5,032
Prepays	(2,715)	(500)
Payables - City of Toronto	32	(1)
- Other	(32,382)	67,685
Deferred revenue	47,644	(93,355)
Long term account receivable - City of Toronto	(21,368)	(18,537)
Long term employee benefits payable	<u>23,742</u>	<u>20,597</u>
	<u>39,711</u>	<u>24,116</u>

Financing activity

Acquisition of capital assets - program	-	(8,692)
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Net increase in cash and short term investments	39,711	15,424
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Cash and short term investments, beginning of year	<u>674,842</u>	<u>659,418</u>
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Cash and short term investments, end of year	<u>\$ 714,553</u>	<u>\$ 674,842</u>
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See accompanying notes to the financial statements.

Board of Management for the Harbourfront 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 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:

- Computer equipment – 3 years straight-line
- Furniture and equipment - 5 years straight-line

In the year of acquisition half of above rates is applied.

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

December 31, 2009

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.

Financial instruments

The Centre 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 Centre 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.

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

December 31, 2009

2. Significant accounting policies (continued)

Financial instruments (continued)

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

It is management's opinion that the Centre 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.

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.

Due to complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed in 2009 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2009. The actuarial valuation has resulted in an actuarial gain of \$95,437 which is being amortized on a straight-line basis over 9 years, being the expected average remaining service life of the employees.

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

December 31, 2009

3. Employee benefits (continued)

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

	<u>2009</u>	<u>2008</u>
Sick leave benefit plan	\$ 133,782	\$ 54,538
Post-retirement benefits	<u>127,065</u>	<u>126,579</u>
	260,847	181,117
Add: Unamortized actuarial gain	<u>22,963</u>	<u>78,951</u>
Employee benefit liability	\$ <u>283,810</u>	\$ <u>260,068</u>

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

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 260,068	\$ 239,471
Current service cost	17,203	22,201
Interest cost	11,599	8,608
Amortization of actuarial gain	(5,060)	(7,810)
Expected benefits	<u>-</u>	<u>(2,402)</u>
Balance, end of year	\$ <u>283,810</u>	\$ <u>260,068</u>

Expenditures in 2009 relating to employee benefits are included as employee benefit expenses for program (\$ 2,374) and administration (\$21,368) on the Statement of Revenue and Expenditures and include the following components:

	<u>2009</u>	<u>2008</u>
Current service cost	\$ 17,203	\$ 22,201
Interest cost	11,599	8,608
Amortization of actuarial gain	<u>(5,060)</u>	<u>(7,810)</u>
	23,742	22,999
Less expected benefits paid during the year	<u>-</u>	<u>(2,402)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>23,742</u>	\$ <u>20,597</u>

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

December 31, 2009

3. Employee benefits (continued)

A long-term receivable of \$260,569 (2008 - \$239,201) 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 \$23,242 (2008 - \$20,868) 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>2009</u>	<u>2008</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	\$ 41,736	\$ 15,304	\$ 22,007
Administration furniture, fixtures and equipment	<u>149,324</u>	<u>135,215</u>	<u>14,109</u>	<u>9,826</u>
	<u>\$ 206,364</u>	<u>\$ 176,951</u>	<u>\$ 29,413</u>	<u>\$ 31,833</u>

5. Deferred revenue			<u>2009</u>	<u>2008</u>
Government of Canada			\$ 27,084	\$ 14,631
City of Toronto			62,480	58,059
Other			<u>56,799</u>	<u>26,028</u>
			<u>\$ 146,363</u>	<u>\$ 98,718</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 Operations when the associated asset is brought into service.

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

December 31, 2009

7. Reserve program funds	<u>2009</u>	<u>2008</u>
Mission and Strategic Priority Reserve		
Children and Youth Reserve	\$ 78,615	\$ 78,615
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>242,518</u>
Program Administration Reserve	<u>185,206</u>	<u>185,206</u>
	<u>\$ 427,724</u>	<u>\$ 427,724</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. 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 2009 administration was \$1,192,267 (2008 - \$1,147,233). The actual administration expenditures amounted to \$1,206,906 (2008 - \$1,162,214).

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

December 31, 2009

8. Funds provided - administration (continued)

The funding repayable to the City in 2009 is \$32 (2008 – receivable from the City of \$1,100).

	<u>2009</u>	<u>2008</u>
Administration grant paid by the City	\$ <u>1,192,267</u>	\$ <u>1,147,233</u>
Funding allowed by the City		
Administration expenditure for financial statements	1,206,906	1,162,214
Less:		
Expenditures not eligible for current year funding		
Vacation pay liability	(1,482)	(4,051)
Sick leave liability	(12,262)	(3,184)
Post retirement benefits obligations	(9,106)	(15,353)
Add:		
Capital assets - funded by administration grants	<u>8,179</u>	<u>8,707</u>
Funding allowed by the City	\$ <u>1,192,235</u>	\$ <u>1,148,333</u>
Funding repayable to (receivable from) the City	\$ <u>32</u>	\$ <u>(1,100)</u>

9. Transfer

The Board approved the transfer of the 2009 program surplus of \$0 (2008 - \$19,825) from unrestricted to internally restricted funds.