

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
For the year ended
DECEMBER 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND THE BOARD OF MANAGEMENT
FOR THE 519 CHURCH STREET COMMUNITY CENTRE**

We have audited the accompanying financial statements of the Board of Management for the 519 Church Street Community Centre, which comprise the statement of financial position as at December 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

.../2

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenue from donations and fundraising, 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 and fundraising revenues, net revenue over expenses, assets, and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Board of Management for the 519 Church Street Community Centre as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

A handwritten signature in black ink that reads "Welch LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 27, 2015.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE


(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION


DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and short term investments	\$ 371,896	\$ 356,143
Accounts receivable - City of Toronto	91,465	82,725
Accounts receivable - Other	172,779	174,910
Inventories	26,372	31,085
Unbilled revenue	124,928	22,772
Prepaid expenses	<u>5,075</u>	<u>4,822</u>
	792,515	672,457
ACCOUNTS RECEIVABLE - CITY OF TORONTO (note 8)	336,867	344,740
CAPITAL ASSETS (note 4)	<u>82,872</u>	<u>83,726</u>
	<u>\$ 1,212,254</u>	<u>\$ 1,100,923</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Bank indebtedness (note 5)	\$ 146,692	\$ -
Accounts payable and accrued liabilities - City of Toronto	19,219	3,653
Accounts payable and accrued liabilities - Other	252,765	315,928
Deferred revenue	-	185
Deferred contributions (note 6)	62,543	124,265
Deferred capital contribution (note 7)	300	703
Funds in trust	<u>-</u>	<u>5,087</u>
	481,519	449,821
POST-EMPLOYMENT BENEFITS PAYABLE (note 8)	<u>336,867</u>	<u>344,740</u>
	<u>818,386</u>	<u>794,561</u>
NET ASSETS		
Invested in capital assets	82,572	83,023
Fund and trusteeship balances (schedule B and note 9)	180,695	102,652
Unrestricted	<u>130,601</u>	<u>120,687</u>
	<u>393,868</u>	<u>306,362</u>
	<u>\$ 1,212,254</u>	<u>\$ 1,100,923</u>

Approved by the Board:



Chair



Treasurer

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2014

	Invested in Capital assets	Fund and Trusteeship Balances	Unrestricted	Total 2014	Total 2013
Net assets, beginning of year	\$ 83,023	\$ 102,652	\$ 120,687	\$ 306,362	\$ 365,143
Net revenue over expenses (expenses over revenue)	-	78,043	9,463	87,506	(58,781)
Capital asset additions	77,784	-	(77,784)	-	-
Amortization of capital assets	<u>(78,235)</u>	<u>-</u>	<u>78,235</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 82,572</u>	<u>\$ 180,695</u>	<u>\$ 130,601</u>	<u>\$ 393,868</u>	<u>\$ 306,362</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	<u>Program</u>	<u>Administration</u>	<u>2014</u>	<u>2013</u>
Revenue				
Grants				
City of Toronto	\$ 461,314	\$ 1,229,436	\$ 1,690,750	\$ 1,506,124
Province of Ontario	317,281	-	317,281	108,731
Government of Canada	274,644	-	274,644	264,940
United Way	234,100	-	234,100	231,145
Others	<u>136,615</u>	<u>-</u>	<u>136,615</u>	<u>80,682</u>
	1,423,954	1,229,436	2,653,390	2,191,622
Donations	988,698	-	988,698	894,897
Fundraising	1,174,612	-	1,174,612	625,572
Memberships	42,110	-	42,110	20,131
Rental Fees	44,601	-	44,601	50,274
Interest	5,201	-	5,201	5,502
Cafe	418,713	-	418,713	410,037
Special Projects	9,776	-	9,776	184,000
Other Revenue	<u>830</u>	<u>-</u>	<u>830</u>	<u>11,607</u>
	<u>4,108,495</u>	<u>1,229,436</u>	<u>5,337,931</u>	<u>4,393,642</u>
Expenses (Schedule A)				
Salaries and wages	1,660,453	735,067	2,395,520	2,047,999
Employee benefits	386,428	190,236	576,664	481,909
Materials, supplies and services	1,973,916	161,871	2,135,787	1,742,584
Purchase of service	-	142,262	142,262	140,425
Amortization of capital assets	78,235	403	78,638	81,821
Amortization of deferred capital contributions	<u>-</u>	<u>(403)</u>	<u>(403)</u>	<u>(6,272)</u>
	<u>4,099,032</u>	<u>1,229,436</u>	<u>5,328,468</u>	<u>4,488,466</u>
Net revenue over expenses (expenses over revenue)	<u>\$ 9,463</u>	<u>\$ -</u>	<u>\$ 9,463</u>	<u>\$ (94,824)</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue over expenses (expenses over revenue)	\$ 9,463	\$ (94,824)
Net revenues over expenses		
- Segregated fund balances and trusteeships (schedule B and note 9)	<u>78,043</u>	<u>36,043</u>
	87,506	(58,781)
Adjustments for:		
Amortization of capital assets	78,638	81,821
Amortization of deferred capital contribution	<u>(403)</u>	<u>(6,272)</u>
	165,741	16,768
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto	(8,740)	(45,465)
Accounts receivable - Other	2,131	(81,784)
Inventories	4,713	(9,788)
Unbilled revenue	(102,156)	(22,772)
Prepaid expenses	(253)	446
Long term accounts receivable - City of Toronto	7,873	722
Accounts payable and accrued liabilities - City of Toronto	15,566	(32,909)
Accounts payable and accrued liabilities - Other	(63,163)	18,784
Deferred revenue	(185)	170
Deferred contributions	(61,722)	71,182
Post-employment benefits payable	(7,873)	(722)
Funds in trust	<u>(5,087)</u>	<u>5,087</u>
Cash flows used in operating activities	<u>(53,155)</u>	<u>(80,281)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of capital assets - Program	<u>(77,784)</u>	<u>(26,053)</u>
Cash flow used in investing activities	<u>(77,784)</u>	<u>(26,053)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank advances	<u>146,692</u>	<u>-</u>
Cash flows from financing activities	<u>146,692</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	15,753	(106,334)
CASH AND SHORT TERM INVESTMENTS AT BEGINNING OF YEAR	<u>356,143</u>	<u>462,477</u>
CASH AND SHORT TERM INVESTMENTS AT END OF YEAR	<u>\$ 371,896</u>	<u>\$ 356,143</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

1. NATURE OF OPERATIONS

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 - 0448 dated June 26, 1995 to reflect Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established part of the premises at No. 519 Church Street as a community recreation centre under the authority of the Municipal Act, known as 519 Church Street Community Centre (the "Centre"). The Centre is a not-for-profit organization and, as such, is exempt from income tax.

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 (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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for government not-for-profits ("PSA-GNPO") as issued by the Public Sector Accounting Board (PSAB).

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 and are recorded as deferred contributions on the statement of financial position. 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 statement of financial position

Rental and similar revenues are recognized as the services are provided.

Cafe revenues from the restaurant are recognized as earned, upon performance of the service. Revenues related to catering events are recognized on the date of the event.

Pledges Receivable

Pledges are recognized by the Centre when there is reasonable evidence of the amount to be received and collection is reasonably assured.

Cash and short term investments

Cash and short term investments include cash on hand, cash on deposit with financial institutions, demand deposits and short-term investments with maturities of less than twelve months at acquisition.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Financial instruments

The Centre initially measures its financial assets and financial liabilities at fair value.

The Centre subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short term investments, and accounts receivable. Financial liabilities measured at amortized cost include bank indebtedness and accounts payable and accrued liabilities.

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements. Monetary donations are recorded as received.

Capital assets

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
Building fixtures	- 5 years straight line
Website	- 10 years straight line

Employee related costs

The Centre has adopted the following policies with respect to employee benefit plans:

- (a) The City of Toronto offers a multi-employer defined benefit pension plan to the Centre's employees. Due to the nature of the plan, the Centre does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.
- (b) The Centre also offers its employees a defined benefit sick leave plan, a post-retirement life, health and dental plan, a long term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Centre recognizes an accrued benefit liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains / losses.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards for government not-for-profits organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the useful life of its capital assets, significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

3. **FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Centre's financial instruments.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Centre will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of bank indebtedness and accounts payable and accrued liabilities and trust accounts.

The Centre manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Centre believes its overall liquidity risk to be minimal as the Centre's financial assets are considered to be highly liquid.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre's cash and short-term investments earn interest at prevailing market rates. The Centre's bank indebtedness is subject to floating interest rate terms. As a result the interest rate exposure related to these financial instruments is a result of interest rate movements.

Credit risk

The Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre's maximum exposure to credit risk represents the sum of the carrying value of its cash, short term investments and accounts receivable. The Centre's cash and short term investments are with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote.

Management believes that the Centre's credit risk with respect to accounts receivable is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Changes in risk

There have been no significant changes in the Centre's risk exposures from the prior year.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2014

4. CAPITAL ASSETS

Capital assets consist of the following:

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Administrative				
Building fixtures	\$ 11,373	\$ 11,373	\$ 11,373	\$ 11,373
Computers	27,727	27,727	27,727	27,727
Furniture and equipment	<u>24,305</u>	<u>24,005</u>	<u>24,305</u>	<u>23,602</u>
	63,405	63,105	63,405	62,702
Accumulated amortization	<u>63,105</u>		<u>62,702</u>	
	<u>300</u>		<u>703</u>	
Program				
Computers	161,685	132,402	129,457	109,254
Furniture and equipment	471,597	428,056	426,041	375,406
Website	<u>24,370</u>	<u>14,622</u>	<u>24,370</u>	<u>12,185</u>
	657,652	575,080	579,868	496,845
Accumulated amortization	<u>575,080</u>		<u>496,845</u>	
	<u>82,572</u>		<u>83,023</u>	
Total Assets	721,057	\$ <u>638,185</u>	643,273	\$ <u>559,547</u>
Accumulated amortization	<u>638,185</u>		<u>559,547</u>	
	\$ <u>82,872</u>		\$ <u>83,726</u>	

5. BANK INDEBTEDNESS

The bank overdraft is secured by the Centre's short-term investments. The interest rate on the line of credit is prime plus 2% and the authorized limit of the overdraft is \$350,000, of which \$146,692 (2013 - NIL) was utilized at year-end.

6. DEFERRED CONTRIBUTIONS

	2014	2013
Balance, beginning of year	\$ 124,265	\$ 53,083
Add: Funds received	2,591,668	2,262,804
Less: Amounts recognized as revenue	<u>(2,653,390)</u>	<u>(2,191,622)</u>
Balance, end of year	\$ <u>62,543</u>	\$ <u>124,265</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

	2014	2013
Balance, beginning of year	\$ 703	\$ 6,975
Less: Amortization of deferred capital contributions	<u>(403)</u>	<u>(6,272)</u>
Balance, end of year	\$ <u>300</u>	\$ <u>703</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2014

8. POST-EMPLOYMENT BENEFITS AND LONG TERM ACCOUNT RECEIVABLE

The Centre participates in a number of defined benefits 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 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. This sick bank plan was replaced by a Short Term Disability Plan (STD) effective March 1, 2008, for all non-union employees of the City of Toronto. Upon the effective date, the sick banks were locked with no further accumulation. Grandfathered management staff remain entitled to payout of frozen, banked time, as described above. Under the new STD 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 bank time as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

The Centre 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 as at December 31, 2012 with projections to December 31, 2013, 2014 and 2015. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2%
- assumed health care cost trends - range from 3.0% to 6.0%
- rate of compensation increase - 3%
- discount rates - post-retirement 3.0%, post-employment 2.8%, sick leave 3.2%

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

	<u>2014</u>	<u>2013</u>
Sick leave benefits	\$ 26,247	\$ 36,054
Post-retirement benefits	<u>186,734</u>	<u>145,759</u>
	212,981	181,813
 Add: Unamortized actuarial gain	 <u>123,886</u>	 <u>162,927</u>
Post-employment benefit liability	<u>\$ 336,867</u>	<u>\$ 344,740</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 344,740	\$ 345,462
Current service cost	12,515	12,131
Interest cost	8,186	5,886
Amortization of actuarial gain	(15,291)	(16,589)
Expected benefits paid	<u>(13,283)</u>	<u>(2,150)</u>
Balance, end of year	<u>\$ 336,867</u>	<u>\$ 344,740</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2014

8. POST-EMPLOYMENT BENEFITS AND LONG TERM ACCOUNT RECEIVABLE - Cont'd.

Recovery relating to employee benefits are included in administration employee benefits on the statement of operations in the amounts of \$7,873 in 2014 (2013 - \$722) and include the following components:

	<u>2014</u>	<u>2013</u>
Current service cost	\$ 12,515	\$ 12,131
Interest cost	8,186	5,886
Amortization of actuarial gain	(15,291)	(16,589)
Expected benefits paid	<u>(13,283)</u>	<u>(2,150)</u>
Balance, end of year	\$ <u>(7,873)</u>	\$ <u>(722)</u>

A long-term receivable from the City of \$336,867 (2013 - \$344,740) has resulted from recording 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 administration 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. Employer contributions to this pension plan amounted to \$183,801 in 2014 (2013 - \$140,095).

The most recent actuarial valuation of the OMERS plan as at December 31, 2014 indicates the Plan is not fully funded and the plan's December 31, 2014 financial statements indicate a deficit of \$7.08 billion (less an additional \$1.8 billion of deferred gains that must be recognized over the next four years). The plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Centre's contributions accounted for 0.0105% of the plan's total employer contributions. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

9. FUND AND TRUSTEESHIP BALANCES

The Fund and Trusteeship balances can be summarized as follows:

	<u>2014</u>	<u>2013</u>
Fund balances:		
Building Fund	\$ 75,000	\$ 31,432
AIDS Memorial Fund	65,247	68,084
AIDS Vigil Fund	(4,592)	(8,620)
Trusteeship balances:		
ORAD	2,924	4,114
HOLA	1,270	1,270
Senior Pride Network	6,422	6,372
Kyle Scanlon Memorial Fund	3,845	-
Will Munro Fund	28,629	-
Recreation Centre Capital Campaign Fund	<u>1,950</u>	<u>-</u>
	\$ <u>180,695</u>	\$ <u>102,652</u>

Schedule B to these financial statements reflects the revenue, expenditures and surplus of the above noted Funds and trusteeships.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2014

9. FUND AND TRUSTEESHIP BALANCES - Cont'd.

(a) Building Fund

In 2000 the Board of Management commenced a capital campaign to renovate the existing building and build a new addition to the south side. The Board of Management in partnership with the City of Toronto agreed to cost share the project. The building project was completed in 2010. The Centre's contribution towards the capital renovations was \$980,000. The Centre also raised funds to pay for the replacement of the furnishings, throughout the building and meeting/conference rooms as well as replacing and upgrading the IT infrastructure, and a number of other building upgrades that were not part of the capital project.

On a go-forward basis the Centre will continue to raise funds where possible to pay for capital expenses below \$50,000 to meet its obligations under the Relationship Framework.

(b) The AIDS Memorial Fund

Since 1990, the Board has accepted donations for the establishment of an AIDS Memorial. This is a joint project between the City, the Board of Management of the 519 Church Street Community Centre, various funding agencies including other charitable foundations and individual and corporate donors. The AIDS Memorial Fund was established to fund expenditures related to the AIDS Memorial, which is located in Cawthra Park.

(c) The AIDS Vigil Fund

This fund was established in 1998 to fund expenditures related to the AIDS Candlelight Vigil. This event is held annually in June to remember those who have died from AIDS.

(d) ORAD Fund

ORAD is a social and support group for Deaf Gay Men, Lesbians, Bisexuals and Trans People. Their project, Austin Unbound, brought the film regarding a Deaf man's choice to get a double mastectomy. The film was followed by a discussion with the filmmaker, Eliza Greenwood about issues faced by Austin. This provided an outreach opportunity to Deaf Transsexual and Transgender people, and an educational event for the membership of ORAD.

(e) HOLA Fund

HOLA is a social and support group for Spanish speaking Gay Men, Lesbians, Bisexuals and Trans People. The project is meant to increase their visibility in the community through supporting their social events and their Pride Week activities. This is a trusteeship taken on by the Centre because HOLA is a community group within the Centre's space use structure.

(f) Senior Pride Network

The Senior Pride Network is an association committed to promoting the delivery of appropriate positive community and health services for older gay, lesbian, bisexual, transgender, transsexual, intersexed and 2 Spirited people in Toronto.

In 2011, the Centre with approval from the Network expanded its role of trustee to be responsible for the coordination and delivery of the Senior's conference and other funding applications.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2014

9. FUND AND TRUSTEESHIP BALANCES - Cont'd.

(g) The Kyle Scanlon Memorial Fund

Created in 2012 as a legacy in memory of Kyle Scanlon, a much-loved trans activist and 519 staffer. The Kyle Scanlon Memorial Fund is intended to support projects and initiatives important to members of Toronto's trans community. The Centre is working with the community and members of Kyle's family to finalize the formal mandate for the Fund. It is expected to be launched in 2015.

(h) The Will Munro Fund for Queer and Trans People Living with Cancer

Established in 2010 by the friends and family of Will Munro, the Will Munro Fund for Queer and Trans People Living with Cancer will serve as a dedicated emergency relief fund offering financial assistance to LGBTQ people of all ages who are currently living with cancer in Ontario. The Fund will be publicly launched in 2015.

(i) Recreation Centre Capital Campaign

In 2013 the Centre in partnership with a private philanthropic donor and the City of Toronto, began working together to investigate the feasibility of building the first ever Sport and Recreation centre focused on LGBT inclusion in sport and recreation. As part of the agreement the Centre has committed to raise a portion of the project costs by way of a capital campaign.

10. 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 to the City. Deficits, excluding those accruals for long term employee benefits, are funded by the Centre unless Council approval has been obtained for additional funding.

	2014 Budget (unaudited)	<u>2014</u>	<u>2013</u>
Administration expenses:			
Salaries and wages	\$ 730,409	\$ 735,067	\$ 737,133
Employee benefits	200,554	190,236	194,719
Materials and supplies	146,083	161,871	138,814
Purchase of services	<u>142,945</u>	<u>142,262</u>	<u>140,425</u>
	<u>\$ 1,219,991</u>	<u>\$ 1,229,436</u>	<u>\$ 1,211,091</u>
Centre's actual administration revenue:			
Administration budget		<u>\$ 1,219,991</u>	<u>\$ 1,210,922</u>
Centre's actual administration expenses:			
Administration expenses per statement of operations		1,229,436	1,211,090
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto		7,873	722
Amortization of capital assets (administration)		(403)	(6,272)
Difference between funding received and budgeted		145	-
Amortization of deferred capital contributions		<u>403</u>	<u>6,272</u>
		<u>1,237,454</u>	<u>1,211,812</u>
Administration expenses over approved budget		<u>\$ 17,463</u>	<u>\$ 890</u>

The over expenditure of \$17,463 (2013 - \$890) is included in the account receivable from the City of Toronto.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
SCHEDULE OF PROGRAM EXPENDITURES BY ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
General	\$ 124,864	\$ 87,854
Fundraising, Philanthropy & Membership	306,935	226,368
Community Events, Green Space and Partnership Initiatives	863,552	674,147
Community Programs/Services		
Child and Family Programs	188,717	149,800
Community Food and Drop-in Programs	216,861	235,077
Community Support Services	135,450	110,898
Newcomer Services	321,568	281,422
Sport and Recreation Initiatives	<u>525,646</u>	<u>115,237</u>
	1,388,242	892,434
Social/Productive Enterprises		
Social Enterprise - Restaurant and Catering	564,073	614,867
Social Enterprise - Education and Training Initiatives	404,056	299,652
Social Enterprise - Rentals and Sales	<u>24,620</u>	<u>23,743</u>
	992,749	938,262
Recreation Centre Development	344,455	382,762
Amortization of Capital Assets	<u>78,235</u>	<u>75,549</u>
	<u>\$ 4,099,032</u>	<u>\$ 3,277,376</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
SCHEDULE OF OPERATIONS AND CHANGE IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014

	AIDS Vigil		AIDS Memorial		Building		Recreation Centre Capital Campaign		ORAD		Total Funds	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue												
Donation, grants, and fundraising	\$ 31,695	\$ 14,000	\$ 625	\$ 1,042	\$ 43,568	\$ 49,927	\$ 1,950	\$ -	\$ 5,123	\$ 1,770	\$ 82,961	\$ 66,739
Expenses												
Salaries and benefits	-	1,894	-	1,836	-	-	-	-	-	-	-	3,730
Professional services	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	8,898	-	-	-	-	-	8,898
Material, supplies and services	27,667	15,297	3,462	1,802	-	-	-	-	6,313	958	37,442	18,057
	<u>27,667</u>	<u>17,191</u>	<u>3,462</u>	<u>3,638</u>	<u>-</u>	<u>8,898</u>	<u>-</u>	<u>-</u>	<u>6,313</u>	<u>958</u>	<u>37,442</u>	<u>30,685</u>
Excess of revenue over expenditures (expenditures over revenue)	4,028	(3,191)	(2,837)	(2,596)	43,568	41,029	1,950	-	(1,190)	812	45,519	36,054
Interfund transfers	-	-	-	-	-	-	-	-	-	-	-	-
Balance, beginning of year	<u>(8,620)</u>	<u>(5,429)</u>	<u>68,084</u>	<u>70,680</u>	<u>31,432</u>	<u>(9,597)</u>	<u>-</u>	<u>-</u>	<u>4,114</u>	<u>3,302</u>	<u>95,010</u>	<u>58,956</u>
Balance, end of year	<u>\$ (4,592)</u>	<u>\$ (8,620)</u>	<u>\$ 65,247</u>	<u>\$ 68,084</u>	<u>\$ 75,000</u>	<u>\$ 31,432</u>	<u>\$ 1,950</u>	<u>\$ -</u>	<u>\$ 2,924</u>	<u>\$ 4,114</u>	<u>\$ 140,529</u>	<u>\$ 95,010</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
SCHEDULE OF OPERATIONS AND CHANGE IN FUND BALANCES - Cont'd.
YEAR ENDED DECEMBER 31, 2014

	HOLA		Senior Pride Network		Hospitality Workers		Kyle Scanlon Memorial Fund		Will Munro Fund		Total Trusteeships		Total Funds and Trusteeships	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue														
Donation, grants, and fundraising	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 140,000	\$ 3,845	\$ -	28,629	\$ -	\$ 32,524	\$ 140,000	\$ 115,485	\$ 206,739
Expenses														
Salaries and benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	3,730
Professional services	-	-	-	-	-	140,000	-	-	-	-	-	140,000	-	140,000
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	8,898
Material, supplies and services	-	-	-	11	-	-	-	-	-	-	-	11	37,442	18,068
	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,011</u>	<u>37,442</u>	<u>170,696</u>
Excess of revenue over expenditures (expenditures over revenue)	-	-	50	(11)	-	-	3,845	-	28,629	-	32,524	(11)	78,043	36,043
Interfund transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance, beginning of year	<u>1,270</u>	<u>1,270</u>	<u>6,372</u>	<u>6,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,642</u>	<u>7,653</u>	<u>102,652</u>	<u>66,609</u>
Balance, end of year	<u>\$ 1,270</u>	<u>\$ 1,270</u>	<u>\$ 6,422</u>	<u>\$ 6,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,845</u>	<u>\$ -</u>	<u>\$ 28,629</u>	<u>\$ -</u>	<u>\$ 40,166</u>	<u>\$ 7,642</u>	<u>\$ 180,695</u>	<u>\$ 102,652</u>

April 15, 2015

Board of Management for the 519 Church Street Community Centre
519 Church Street
Toronto, Ontario
M4Y 2C9

PRIVATE AND CONFIDENTIAL

Attention: Ms. Maura Lawless,
Executive Director

Dear Madam:

Re: Audit of the December 31, 2014 Financial Statements

During the course of our audit of the financial statements for the year ended December 31, 2014, we identified some matters which may be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have outlined matters below along with some suggestions for your consideration.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff. We have discussed the matters in this report with the Director of Finance and received his comments thereon.

DEFICIENCY IN INTERNAL CONTROLS AND REPORTABLE MATTERS

Approval of time sheets

As part of our audit of payroll expense, we reviewed timesheets of 5 employees in 4 pay periods. We noted that there was no evidence of approval of timesheet on 7 samples. We recommend that timesheet for each employee be reviewed and approved by the direct supervisor to ensure that salaries and wages are paid for hours actually worked and classification of payroll costs (program vs. administrative) are accurate.

Management's Comments

The 519 has established payroll policies and procedures in place including the requirement of employee/supervisor and Payroll verification for all timesheets. In 2015 as part of the Centre's broader strategic action plan focused on finding efficiencies and improving business practices, The 519 will be implementing a new integrated time and attendance program through our HRMS/Accounting software. The 519 is confident that the new systems will significantly enhance our payroll process including the time sheet approval process.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from management and their staff.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

Welch LLP



Per: Bryan Haralovich, CA, CPA, CPA (Illinois)