

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE
For the year ended
DECEMBER 31, 2020

Management's Responsibility for the Financial Statements

The financial statements of the Board of Management for the Central Eglinton Community Centre (the "Centre") are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Centre's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Centre's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Centre's financial statements.



Jennifer Benedetti Chairperson
Neil Pohn Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND
THE BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE***Qualified Opinion*

We have audited the accompanying financial statements of Board of Management for the Central Eglinton Community Centre (the Centre), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2020 and 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenue from 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 fundraising revenue, net revenue over expenses and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and unrestricted net assets as at January 1 and December 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 31, 2021.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 216,710	\$ 33,388
Investments (note 3)	445,650	618,195
Due from City of Toronto (note 8)	32,060	13,116
Accounts receivable	8,010	24,443
Prepaid expenses	<u>3,687</u>	<u>12,749</u>
	706,117	701,891
CAPITAL ASSETS (note 4)	70,999	68,658
DUE FROM CITY OF TORONTO (note 7)	<u>150,303</u>	<u>157,665</u>
	<u>\$ 927,419</u>	<u>\$ 928,214</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Due to City of Toronto (note 8)	\$ 201,338	\$ 127,285
Accounts payable and accrued liabilities	63,734	72,239
Deferred contributions (note 5)	<u>6,425</u>	<u>35,939</u>
	271,497	235,463
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	70,315	67,887
POST-EMPLOYMENT BENEFITS PAYABLE (note 7)	<u>150,303</u>	<u>157,665</u>
	<u>492,115</u>	<u>461,015</u>
NET ASSETS		
Unrestricted	423,129	445,024
Internally restricted (note 3)	<u>12,175</u>	<u>22,175</u>
	<u>435,304</u>	<u>467,199</u>
	<u>\$ 927,419</u>	<u>\$ 928,214</u>

Approved by the Board:

 Chair
 Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2020

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Total 2020</u>	<u>Total 2019</u>
Net assets, beginning of year	\$ 445,024	\$ 22,175	\$ 467,199	\$ 439,544
Net revenue over expenses (expenses over revenue)	(31,895)	-	(31,895)	27,655
Interfund transfer (note 3)	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 423,129</u>	<u>\$ 12,175</u>	<u>\$ 435,304</u>	<u>\$ 467,199</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020

	<u>Parent and Child Program</u>	<u>EarlyON Program</u>	<u>Summer Camp Program</u>	<u>Older Adult Program</u>	<u>Other Programs</u>	<u>Programs Total</u>	<u>Administration (note 8)</u>	<u>2020</u>	<u>2019</u>
Revenue									
Grants									
City of Toronto	\$ -	\$ 55,527	\$ -	\$ 19,630	\$ 10,000	\$ 85,157	\$ 616,172	\$ 701,329	\$ 698,737
Province of Ontario	-	-	-	42,700	-	42,700	-	42,700	42,700
Government of Canada	-	-	-	-	-	-	-	-	39,867
	<u>-</u>	<u>55,527</u>	<u>-</u>	<u>62,330</u>	<u>10,000</u>	<u>127,857</u>	<u>616,172</u>	<u>744,029</u>	<u>781,304</u>
Program fees	12,507	-	-	4,357	11,754	28,618	-	28,618	185,403
Fundraising	-	-	-	1,675	570	2,245	-	2,245	22,511
Memberships	270	-	-	1,175	-	1,445	-	1,445	10,840
Other revenue	-	-	-	-	8,345	8,345	-	8,345	13,979
Rental fees	-	-	-	-	975	975	-	975	2,863
Amortization of deferred capital contributions (note 6)	-	-	-	924	-	924	13,571	14,495	10,178
	<u>12,777</u>	<u>55,527</u>	<u>-</u>	<u>70,461</u>	<u>31,644</u>	<u>170,409</u>	<u>629,743</u>	<u>800,152</u>	<u>1,027,078</u>
Expenses									
Salaries and wages	8,826	40,822	-	62,561	13,765	125,974	443,135	569,109	642,135
Employee benefits	754	17,618	-	18,682	1,215	38,269	92,893	131,162	132,201
Materials and supplies	362	21,422	-	4,441	1,551	27,776	18,579	46,355	52,348
Purchase of services	2,421	-	-	2,620	4,233	9,274	61,565	70,839	162,474
Amortization of capital assets	-	-	-	1,011	-	1,011	13,571	14,582	10,265
	<u>12,363</u>	<u>79,862</u>	<u>-</u>	<u>89,315</u>	<u>20,764</u>	<u>202,304</u>	<u>629,743</u>	<u>832,047</u>	<u>999,423</u>
Net revenue over expenses (expenses over revenue)	<u>\$ 414</u>	<u>\$ (24,335)</u>	<u>\$ -</u>	<u>\$ (18,854)</u>	<u>\$ 10,880</u>	<u>\$ (31,895)</u>	<u>\$ -</u>	<u>\$ (31,895)</u>	<u>\$ 27,655</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenue over expenses (expenses over revenue)	\$ (31,895)	\$ 27,655
Adjustments for non-cash items:		
Amortization of capital assets	14,582	10,265
Amortization of deferred capital contributions	<u>(14,495)</u>	<u>(10,178)</u>
	(31,808)	27,742
Increase (decrease) resulting from changes in:		
Due from City of Toronto	(18,944)	(2,002)
Accounts receivable	16,434	(598)
Prepaid expenses	9,062	(12,749)
Long-term amount due from City of Toronto	7,362	11,832
Due to City of Toronto	74,053	70,120
Accounts payable and accrued liabilities	(8,506)	8,343
Deferred contributions	(29,514)	10,914
Post-employment benefits payable	<u>(7,362)</u>	<u>(11,832)</u>
	<u>10,777</u>	<u>101,770</u>
INVESTING ACTIVITIES		
Purchase of investments	(445,650)	(618,195)
Proceeds on sale of investments	<u>618,195</u>	<u>552,600</u>
	<u>172,545</u>	<u>(65,595)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(16,923)</u>	<u>(29,685)</u>
FINANCING ACTIVITIES		
Capital contributions received	16,923	29,685
Bank indebtedness decreased	<u>-</u>	<u>(2,787)</u>
	<u>16,923</u>	<u>26,898</u>
INCREASE IN CASH	183,322	33,388
CASH, BEGINNING OF YEAR	<u>33,388</u>	<u>-</u>
CASH, END OF YEAR	\$ <u>216,710</u>	\$ <u>33,388</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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 160 Eglinton Avenue East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Central Eglinton 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-profit organizations ("PSAS-GNFPO"), including the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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.

Program fees, membership fees and rental income are recognized as the services are provided. Amounts received in advance of services being provided are classified as deferred revenue on the statement of financial position.

Financial instruments

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

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

Financial assets measured at amortized cost include cash, investments, accounts receivable and due from City of Toronto. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to City of Toronto.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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:

Furniture and equipment	5 years straight line
Leasehold improvements	10 years straight line
Computer software	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.

Use of estimates

The preparation of financial statements in accordance with PSAS-GNFPO 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.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

3. INVESTMENTS

The investments consist of guaranteed investment certificates with maturity dates ranging from March 1, 2021 to October 26, 2021 and interest rates ranging from 0.20% to 0.35%. Investments include \$12,175 (2019 - \$22,175) specifically reserved for expenses related to the 50+ program. The Board of Management approved a transfer of \$10,000 from internally restricted net assets to cover expenses related to the 50+ program in 2020.

4. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and equipment	\$ 67,509	\$ 23,442	\$ 50,586	\$ 12,925
Leasehold improvements	22,323	11,876	22,323	9,643
Computer software	<u>18,317</u>	<u>1,832</u>	<u>18,317</u>	<u>-</u>
	108,149	<u>\$ 37,150</u>	91,226	<u>\$ 22,568</u>
Less: accumulated amortization	<u>(37,150)</u>		<u>(22,568)</u>	
	<u>\$ 70,999</u>		<u>\$ 68,658</u>	

5. DEFERRED CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 35,939	\$ 25,025
Add: Funds received	721,877	792,218
Less: Amounts recognized as revenue	<u>(744,029)</u>	<u>(781,304)</u>
Balance, end of year	<u>\$ 6,425</u>	<u>\$ 35,939</u>

6. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 67,887	\$ 48,380
Add: Capital contributions received	16,923	29,685
Less: Amortization recognized as revenue	<u>(14,495)</u>	<u>(10,178)</u>
Balance, end of year	<u>\$ 70,315</u>	<u>\$ 67,887</u>

7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM ACCOUNTS RECEIVABLE

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 July 1, 2008, unused sick leave accumulates and eligible retirees are 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 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.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG TERM ACCOUNTS RECEIVABLE - Cont'd.

The Centre also provides health, dental, accidental death and disability, life insurance and long term disability benefits to eligible employees. Depending upon length of service and an individual's 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, 2020 with projections to December 31, 2021. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate 2.0%
- assumed health care cost trends - range from 3.0% to 5.5%
- rate of compensation increase 3.0% to 3.5%
- discount rates - post-retirement 2.0%, post-employment 1.2%, sick leave 1.5%

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

	<u>2020</u>	<u>2019</u>
Post-retirement benefits	\$ 105,779	\$ 92,270
Add: unamortized actuarial gain	<u>44,524</u>	<u>65,395</u>
Post-employment benefit liability	<u>\$ 150,303</u>	<u>\$ 157,665</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 157,665	\$ 169,497
Current service cost	1,174	1,087
Interest cost	2,560	3,058
Amortization of actuarial gain	(3,815)	(9,296)
Expected benefits paid	<u>(7,281)</u>	<u>(6,681)</u>
Balance, end of year	<u>\$ 150,303</u>	<u>\$ 157,665</u>

A long-term receivable from the City of \$150,303 in 2020 (2019 - \$157,665) 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 administrative 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 OMERS plan (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 \$53,611 in 2020 (2019 - \$46,538).

The most recent actuarial valuation of the Plan as at December 31, 2020 indicates that the Plan is in a deficit position and the Plan's December 31, 2020 financial statements indicate a net deficit of \$7.655 billion (a deficit of \$3.211 billion plus adjustment of \$4.444 billion of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan's assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Centre's contributions accounted for an insignificant portion of the Plan's total employer contribution. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

8. FUNDS PROVIDED BY THE 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.

	2020 Budget (unaudited)	<u>2020</u>	<u>2019</u>
Administration expenses:			
Salaries and wages	\$ 501,140	\$ 443,135	\$ 398,300
Employee benefits	152,451	92,893	90,860
Materials and supplies	26,501	18,579	24,914
Purchase of services	<u>65,209</u>	<u>61,565</u>	<u>117,662</u>
	<u>\$ 745,301</u>	<u>\$ 616,172</u>	<u>\$ 631,736</u>
Centre's actual administration revenue:			
Administration budget		\$ 745,301	\$ 741,549
Difference in budget and amount funded		<u>(49,735)</u>	<u>-</u>
		<u>\$ 695,566</u>	<u>\$ 741,549</u>
Centre's actual administration expenses:			
Administration expenses		\$ 629,743	\$ 640,990
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto		7,362	11,832
Amortization of capital assets funded by deferred capital contribution		(13,571)	(9,254)
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto		(18,944)	(2,002)
Administration capital asset acquisitions		<u>16,923</u>	<u>29,685</u>
		<u>621,513</u>	<u>671,251</u>
Administration expenses under approved budget		<u>\$ 74,053</u>	<u>\$ 70,298</u>
The Due to City of Toronto balance is comprised of:			
		<u>2020</u>	<u>2019</u>
2018 surplus payable		\$ 56,987	\$ 56,987
2019 surplus payable		70,298	70,298
2020 surplus payable		<u>74,053</u>	<u>-</u>
		<u>\$ 201,338</u>	<u>\$ 127,285</u>

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

9. LEASE COMMITMENTS

The Centre has entered into agreements to lease office equipment which expire in 2022 and 2025. Minimum annual payments for the office equipment, in aggregate for each of the remaining years are as follows:

2021	\$	4,805
2022		3,758
2023		3,689
2024		3,689
2025		<u>922</u>
	\$	<u>16,863</u>

10. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19

In mid-March 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of COVID-19.

On March 14, 2020, the Centre was closed in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. The Centre has not reopened for operations since but continues to offer virtual services and programming.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Centre's operations will be impacted or the severity of the impact. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity will have on the Centre's operations, assets, liabilities, revenues and expenses are unknown at this time.

11. FINANCIAL INSTRUMENTS

The Centre is exposed to and manages various financial risk resulting from operations. 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 Centre's main financial risk exposures and its financial risk management policies are as follows:

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, investments and accounts receivable. The Centre's cash and investments are deposited with Canadian chartered banks 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.

Liquidity risk

Liquidity risk is the risk that the Centre cannot meet a demand for cash or funds its obligations as they become due. The Centre's financial liabilities are comprised of accounts payable and accrued liabilities. 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.

11. **FINANCIAL INSTRUMENTS** - Cont'd.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Centre's financial instruments are all denominated in Canadian dollars and the Centre transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Centre's cash and investments earn interest at prevailing market rates. As a result, management believes that the interest rate exposure related to these financial instruments is negligible.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management does not believe the Centre is exposed to significant other price risk.

Changes in risk

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