



Financial Statements

**Board of Management for the Cecil Street
Community Centre**

December 31, 2009

Contents

	Page
Auditors' Report	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10



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 Cecil Street Community Centre

We have audited the statement of financial position of the **Board of Management for the Cecil Street 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
April 5, 2010

Chartered Accountants
Licensed Public Accountant

Board of Management for the Cecil Street Community Centre Statement of Operations

Year Ended December 31

2009

2008

	2009	2008
Program revenue		
City of Toronto grants	\$ 14,720	\$ 41,226
Federal grant	5,078	4,311
Provincial grant	-	2,730
Early Years Centre (purchase of service)	<u>21,718</u>	<u>21,718</u>
	41,516	69,985
Rentals	22,160	26,603
Fundraising	10,924	17,967
Program fees	12,558	14,772
Interest	2,644	3,472
Other income	1,267	1,299
Donations	<u>2,878</u>	<u>3,722</u>
	<u>93,947</u>	<u>137,820</u>
Program expenditures		
Salaries and wages	64,642	96,794
Employee benefits	6,603	10,519
Materials and supplies	8,861	13,462
Purchase of services	12,666	18,608
Amortization of program assets	<u>718</u>	<u>2,178</u>
	<u>93,490</u>	<u>141,561</u>
Program surplus (deficiency)	<u>457</u>	<u>(3,741)</u>
Administration expenditures		
Salaries and wages	447,862	430,275
Employee benefits	105,253	115,312
Purchase of services	68,574	82,367
Materials and supplies	36,887	38,131
Amortization of administration assets	<u>1,047</u>	<u>1,050</u>
	<u>659,623</u>	<u>667,135</u>
Funds provided by City of Toronto		
Administration (Note 6)	<u>659,623</u>	<u>667,135</u>
Surplus (deficiency) of revenues over expenditures	\$ <u>457</u>	\$ <u>(3,741)</u>

See accompanying notes to the financial statements.

**Board of Management for the
Cecil Street Community Centre
Statement of Changes in Net Assets**

Year Ended December 31, 2009

	Board			Total 2009	Total 2008
	Invested in Capital assets	Designated Reserve	Unrestricted		
Net assets, beginning of year	\$ 718	\$ 45,100	\$ 6,583	\$ 52,401	\$ 56,142
Surplus (deficiency) of revenue over expenditure			457	457	(3,741)
Transfer of amortization to invested in capital assets	(718)	-	718	-	-
Net assets, end of year	\$ -	\$ 45,100	\$ 7,758	\$ 52,858	\$ 52,401

See accompanying notes to the financial statements.

**Board of Management for the
Cecil Street Community Centre
Statement of Financial Position**

December 31

2009

2008

Assets			
Current			
Cash and short term investments	\$ 128,870		\$ 107,035
Receivables - City of Toronto	3,094		2,848
- City of Toronto (vacation pay)	7,606		9,726
- Other	4,413		5,393
Prepaid expenses	<u>696</u>		<u>1,721</u>
	144,679		126,723
Long term			
Receivable - City of Toronto (Note 3)	159,672		156,247
Capital assets (Note 4)	<u>3,141</u>		<u>4,906</u>
	\$ 307,492		\$ 287,876

Liabilities			
Current			
Payables and accruals - Other	\$ 86,211		\$ 70,070
Deferred revenue	5,610		4,970
Deferred capital asset contributions from City of Toronto	<u>3,141</u>		<u>4,188</u>
	94,962		79,288
Long term			
Employee benefits payable (Note 3)	<u>159,672</u>		<u>156,247</u>
	254,634		235,475

Net Assets			
Invested in capital assets	-		719
Board designated reserve (Note 5)	45,100		45,100
Unrestricted surplus	<u>7,758</u>		<u>6,582</u>
	<u>52,858</u>		<u>52,401</u>
	\$ 307,492		\$ 287,876

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Cecil Street Community Centre
Statement of Cash Flows**

Year Ended December 31

2009

2008

Increase (decrease) in cash and short term investments	\$	
Operating activities		
Surplus (deficiency) of revenue over expenditure	457	(3,741)
Deferred capital contribution	(1,047)	4,188
Amortization of capital assets (program)	718	2,178
Amortization of capital assets (administration)	<u>1,047</u>	<u>1,050</u>
	1,175	3,675
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	1,809	(4,951)
- Other	980	46
Prepays	1,025	408
Payables - City of Toronto	66	(1,358)
- Other	16,141	7,375
Deferred revenue	640	(7,196)
Long term employee benefits payable	3,425	20,166
Long term City of Toronto account receivable	<u>(3,425)</u>	<u>(20,166)</u>
	20,661	(5,676)
Purchase of capital assets	<u>20,661</u>	<u>(5,238)</u>
	-	(10,914)
Net increase (decrease) in cash and short term investments	21,836	(7,239)
Cash and short term investments, beginning of year	<u>107,034</u>	<u>114,273</u>
Cash and short term investments, end of year	\$ <u>128,870</u>	\$ <u>107,034</u>

See accompanying notes to the financial statements.

Board of Management for the Cecil Street 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, Community and Recreation Centre of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established the premises at No. 58 Cecil Street, Toronto, as a community centre under the authority of the Municipal Act, known as Cecil Street 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 (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

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:

Computers	-	3 years straight-line
Furniture and equipment	-	5 years straight-line

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2009

2. Significant accounting policies (continued)

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. 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.

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.

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.

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2009

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 accumulated until March 1, 2008, and eligible employees may be entitled to a cash payment when they leave the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and can be taken in cash by an employee upon termination, retirement or death. This sick bank plan was replaced by a Short Term Disability Plan (STD) effective March 1, 2008, for all non-union employees of the City of Toronto. (Implementation was delayed until July 1, 2008, for middle managers at the community centres.) Upon the effective date, the sick bank was locked and no further days accumulate. Grandfathered management staff remains 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, life insurance and long term disability benefits to eligible employees. Depending on length of service and individuals' election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis, the most recent actuarial valuation was completed in 2009. The actuarial valuation has resulted in an actuarial gain of \$31,720 which is being amortized over 16 years. The City has acknowledged inaccuracies in the information it provided to calculate long-term benefits for some individuals, and has stated an intention to correct this in 2010. Therefore, the Board of Management cannot comment on the figures related to long-term benefits.

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>
Sick leave benefit plan	\$ 22,189	\$ 37,067
Post-retirement benefits	105,762	127,897
Continuation of benefits to disabled employees	-	5,022
Income benefits	-	15,144
	<u>127,952</u>	<u>185,130</u>
Add: Unamortized actuarial gain (loss)	31,720	(28,883)
Employee benefit liability	<u>\$ 159,672</u>	<u>\$ 156,247</u>

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2009

3. Employee benefits (continued)

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

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 156,247	\$ 136,081
Current service cost	888	16,419
Interest cost	10,682	8,924
Amortization of actuarial loss	(1,245)	2,138
Expected benefits paid	<u>(6,900)</u>	<u>(7,315)</u>
Balance, end of year	\$ <u>159,672</u>	\$ <u>156,247</u>

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

	<u>2009</u>	<u>2008</u>
Current service cost	\$ 888	\$ 16,419
Interest cost	10,682	8,924
Amortization of actuarial (gain) loss	(1,245)	2,138
Less: Expected benefits paid	<u>(6,900)</u>	<u>(7,315)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>3,425</u>	\$ <u>20,166</u>

A long term receivable from the City of Toronto has resulted from the recording of administration staff benefit costs such as 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. This 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 \$27,636 in 2009 (2008 - \$28,876).

4. Capital assets

	<u>2009</u>		<u>2008</u>	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computers	\$ 5,685	\$ 5,685	\$ -	\$ -
Furniture and equipment	<u>23,084</u>	<u>19,943</u>	<u>3,141</u>	<u>4,907</u>
	\$ <u>28,769</u>	\$ <u>25,628</u>	\$ <u>3,141</u>	\$ <u>4,907</u>

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2009

5. Board Designated Reserve

In 1992, the Board created a reserve for the establishment of new and expanded programs in future years.

6. 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.

	<u>2009</u>	<u>2008</u>
Budgeted administration expenditure:		
Centre's approved budget for 2009 administration expenses was	\$ 535,600	\$ 531,866
Salaries and benefits	43,700	42,339
Materials and supplies	<u>76,964</u>	<u>72,746</u>
Purchase of services	<u>656,264</u>	<u>646,951</u>

Actual administration expenditure:

Centre's actual administration expenses were	659,623	667,135
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	(3,425)	(20,166)
Depreciation	(1,047)	(1,050)
Add: Acquisition of capital assets	<u>655,151</u>	<u>651,157</u>

Administration expenditure under (over) approved budget \$ 1,113 \$ (4,206)

The under (over) expenditure of \$1,113 (2008 - (\$4,206)) is included in accounts payable/receivable from the City of Toronto.