



Grant Thornton

TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

Applegrove Community Complex

December 31, 2010

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Grant Thornton

Independent Auditor's Report

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To the Council of the Corporation of the
City of Toronto, the Board of Management and
Board of Directors of the Applegrove Community Complex

We have audited the accompanying financial statements of the Board of Management and Board of Directors of the Applegrove Community Complex which comprise the statement of financial position as at December 31, 2010, and the statement of operations and net assets, and statement of 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 generally accepted accounting principles, 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.

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, 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 revenues, excess of 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 and Board of Directors of the Applegrove Community Complex** as at December 31, 2010, 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 18, 2011



Chartered Accountants
Licensed Public Accountants

Applegrove Community Complex
Statement of Financial Position

December 31, 2010

2010

2009

Assets

Current

Cash and short term investments	\$ 148,128	\$ 134,951
Receivables - Other	32,919	51,647
- City of Toronto	32,382	25,159
Prepays	<u>1,721</u>	<u>6,733</u>
	215,150	218,490

Long term

Receivable - City of Toronto (Note 4)	<u>211,457</u>	<u>191,536</u>
	\$ 426,607	\$ 410,026

Liabilities

Current

Payables - Other (Note 8)	\$ 104,632	\$ 121,818
- City of Toronto (current year surplus)	11,475	-

Long term

Employee benefits payable – Admin. (Note 4)	211,457	191,536
Sick bank payable - Program	-	6,608
	<u>327,564</u>	<u>319,962</u>

Net Assets

Restricted program funds (Page 11)	78,109	77,090
Unrestricted program funds	<u>20,934</u>	<u>12,974</u>
	<u>99,043</u>	<u>90,064</u>
	\$ 426,607	\$ 410,026

Approved on behalf of the Board of Directors

SSchulz Chairperson M. Dinsd Secretary

See accompanying notes to the financial statements.

Applegrove Community Complex

Statement of Operations and Net Assets

Year Ended December 31, 2010 2010 2009

Program revenue

Grants		
City of Toronto	\$ 164,848	\$ 135,501
Province of Ontario	49,235	45,705
Government of Canada	39,204	46,121
Other grants	<u>59,223</u>	<u>75,747</u>
	312,510	303,074
Fundraising and donations	43,528	57,636
Program and membership fees	<u>42,893</u>	<u>46,561</u>
	<u>398,931</u>	<u>407,271</u>

Program expenditures

Salaries and wages	266,589	240,700
Employee benefits	30,032	51,196
Materials and supplies	60,808	54,098
Purchase of services	<u>32,523</u>	<u>29,624</u>
	<u>389,952</u>	<u>375,618</u>

Excess of revenue over expenditures - Program	<u>8,979</u>	<u>31,653</u>
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Administration expenditures

Salaries and wages	255,079	248,888
Employee benefits	50,870	61,323
Materials and supplies	10,360	9,048
Purchase of services	<u>78,219</u>	<u>78,331</u>
	<u>394,528</u>	<u>396,590</u>

Funds provided by City of Toronto	394,445	396,526
Interest and other revenue	<u>83</u>	<u>64</u>
	<u>394,528</u>	<u>396,590</u>

Excess of revenue over expenditures	8,979	31,653
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Net assets, beginning of year	<u>90,064</u>	<u>58,411</u>
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Net assets, end of year	<u>\$ 99,043</u>	<u>\$ 90,064</u>
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See accompanying notes to the financial statements.

Applegrove Community Complex

Statement of Cash Flows

Year Ended December 31, 2010

2010

2009

Increase (decrease) in cash and short term investments

Operating activities		
Excess of revenue over expenditures	\$ 8,979	\$ 31,654
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	19,264	(6,742)
- Other	(7,759)	(7,757)
Prepays	5,012	(2,717)
Long term receivable - City of Toronto	(19,921)	(20,018)
Payables – City of Toronto	11,475	44,624
Payables and accruals	(17,186)	44,624
Long term employee benefits payable	<u>13,313</u>	<u>20,018</u>
Net increase in cash and short term investments	13,177	59,061
Cash and short term investments, beginning of year	<u>134,951</u>	<u>75,890</u>
Cash and short term investments, end of year	\$ <u>148,128</u>	\$ <u>134,951</u>

See accompanying notes to the financial statements.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2010

1. Establishment and operations

Non-profit corporation

Applegrove Community Complex (the "Complex") was incorporated in 1979 as a corporation without share capital and registered as corporation #417388 under the Ontario Corporations Act. Applegrove Community Complex is also registered as a charity authorized with the Canada Revenue Agency, charitable number: 10671 8943 RR0001.

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 the addition to S.H. Armstrong Recreation Centre together with certain classrooms of the Duke of Connaught Public School and the office of the Woodfield Road Public School as a Community Recreation Centre under the Community Recreation Centres Act, known as Applegrove Community Complex (Complex).

The Municipal Code provides for a Council appointed Committee 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.

The Municipal Act, 2001, and the AOCC Governance report, 2003, re-established the Committee of Management as a municipal service board.

Board of management

At the Annual Meeting on March 31, 2005, the Complex amended its constitution to specify that the Board of Management would function as a Standing Committee of the Board of Directors for the non-profit corporation.

At the Annual Meeting on March 28, 2007 and in accordance with the City of Toronto's Relationship Framework with the City-funded Community Centres, the Complex amended its constitution so that it had separate constitutions for the incorporated body and the City Agency continuing the structure of the Board of Management as a Standing Committee of the non-profit corporation.

2. Financial statements

The Municipal Code requires that audited annual financial statements be submitted by the Board of Management for the Complex to the City covering the management and control of the premises by the Committee. Because the Board of Management is a Standing Committee of the Board of Directors for the Corporation as a whole, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the Applegrove Community Complex as a whole, including the operations of the Board of Management.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2010

3. 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

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions not expended are included as surplus for the year. Restricted contributions not expended are included as surplus under the specified program for the year. 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.

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 Complex's best information and judgment and may differ significantly from actual results.

Employee related costs

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

- (a) the Complex'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.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2010

3. Significant accounting policies (continued)

New accounting standards for Government not-for-profits organizations (GNFPOs)

The Public Sector Accounting Board has issued revised standards for GNFPOs which are effective for fiscal years beginning on or after January 1, 2012. GNFPOs will be required to adopt CICA Public Sector handbook with or without the addition of sections PS 4200 to PS4270. These are as follows, PS 4200 – Financial statement presentation by not-for-profit organizations, PS 4210 Contributions – revenue recognition, PS 4220 Contributions receivable, PS 4230 Capital assets held by not-for-profit organizations, PS 4240 Collections held by not-for-profit organizations, PS 4250 Reporting controlled and related entities by not-for-profit organizations, PS 4260 Disclosure of related party transactions by not-for-profit organizations and PS 4270 Disclosure of allocated expenses by not-for-profit organizations. The organization has commenced assessing the impact of these new standards and does not expect them to have a significant impact on the financial statements.

4. Employee benefits

The Complex 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 (STDP) 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. Grandparented management staff remains entitled to payout of frozen, banked time, as described above. Under the new STDP plan, management employees are entitled to 130 days annual coverage with salary protection at 100 or 75 percent, depending upon years of service. Non-union employees continue to receive sick leave as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

The Complex 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 in 2010 and provides the accrued benefit obligation as at December 31, 2010. The actuarial valuation has resulted in an actuarial loss of \$67,804 which is being amortized on a straight-line basis.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2010

4. Employee benefits (continued)

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

	<u>2010</u>	<u>2009</u>
Sick leave benefit plan	\$ 78,773	\$ 83,731
Post-retirement benefits	<u>200,488</u>	<u>151,173</u>
	279,261	234,904
Add: Unamortized actuarial (loss)	<u>(67,804)</u>	<u>(43,368)</u>
Employee benefit liability	\$ <u>211,457</u>	\$ <u>191,536</u>

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

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 191,536	\$ 171,518
Current service cost	7,703	10,680
Interest cost	12,519	7,903
Amortization of actuarial loss	835	1,435
Expected benefits paid	<u>(1,136)</u>	<u>-</u>
Balance	\$ <u>211,457</u>	\$ <u>191,536</u>

A long term receivable results from recording sick leave and post retirement benefits for management staff. Funding for these costs is provided by the City as benefit costs are paid and the City is responsible for the City approved management staff benefit liabilities that may be incurred by the Complex. This amount is not included as employee benefit expenses on the Statement of Revenue and Expenditure. The Complex has also recorded its vacation accrual for administrative staff as a current receivable from the City. These amounts are not included as employee benefit expense on the Statement of Revenue and Expenditure. For program staff, both sick bank and vacation accrual amounts are included as employee benefit expenses on the Statement of Revenue and Expenditure.

The Complex 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 \$26,319 in 2010 (2009 - \$26,438).

5. Employer health tax refund

The Employer Health Tax assessment for 2008 and 2009 was successfully disputed. A refund of the 2008 and 2009 over-payments was received in 2010. The total refund was credited to the employer health tax expense accounts in 2010 and reduced the 2010 benefit expenses.

Applegrove Community Complex

Notes to the Financial Statements

December 31, 2010

6. Funds provided - City of Toronto

Funding for administration is provided by the City of Toronto equal to the Complex's budget approved by Council, or the actual funding required. The approved 2010 administrative budget is summarized as follows:

	<u>Budget</u>
Salaries	\$ 254,920
Fringe benefits	64,900
Material and supplies	10,100
Purchase of services	<u>76,000</u>
	<u>\$ 405,920</u>

The Complex approved budget for 2010 administration expenditure was \$405,920 (2009 - \$390,912). The actual net administration expenditure, including the 2008/2009 Employer Health Tax rebate of \$7,779 and interest of \$83 amounts to \$394,445 (2009 - \$396,526). The under expenditure equal to \$11,475 (2009 - over expenditure \$5,614), is recorded as (payable to) receivable from the City of Toronto.

7. Lease commitments

The Complex has an operating lease for a postage meter. Minimum operating lease payments for 2011 is \$323.

8. Educational grant held in trust

For some years, the Complex has acted as trustee for two educational grants; from PWC Canada foundation and from Toronto Community Foundation. Any unexpended funds may be used by the beneficiaries or requested by funders for reimbursement in the near future. Consequently, the excess funds (totalling \$3,481) from these two grants have been recorded in accounts payable.

9. Financial instruments

Fair value

The estimated fair values of cash, investments, accounts receivable, accounts payable and amounts due to/from City of Toronto approximate carrying value due to the relatively short term nature of the instruments.

Applegrove Community Complex

Schedule of Major Program Activities and Fundraising

Year Ended December 31, 2010

	Applegrove Drop-in	Edgewood Drop-in	HAIG Drop-in	Teen Program	Perinatal Program	Therapeutic Play	Summer Program	After school Program	Senior Program	Nevada Ticket
Program revenues										
Government grants										
City of Toronto	\$ 101,256	\$ 18,680	\$ -	\$ 8,762	\$ -	\$ -	\$ 10,830	\$ 1,858	\$ -	\$ -
Province of Ontario	9,000	-	3,000	-	-	-	2,035	-	34,200	-
Federal Government	-	-	-	-	24,206	-	14,998	-	-	-
Non-government grants	8,359	-	548	250	250	26,750	14,000	400	275	-
Donations	806	130	9,030	-	-	-	400	-	2,064	-
Fundraising	1,197	361	238	-	-	-	1,008	-	45	4,520
Membership/user fees/others	5,521	-	-	-	-	-	15,669	12,501	-	5
	<u>126,139</u>	<u>19,171</u>	<u>12,816</u>	<u>9,012</u>	<u>24,456</u>	<u>26,750</u>	<u>58,940</u>	<u>14,759</u>	<u>36,584</u>	<u>4,525</u>
Program expenditures										
Salaries	95,750	15,077	7,175	6,818	10,616	22,175	41,350	16,210	19,571	-
Benefits	19,739	6,234	518	425	675	1,744	3,340	826	1,712	-
Materials and supplies	2,943	517	1,064	1,669	20,663	3,466	5,939	2,990	4,805	610
Furniture and equipment	-	-	-	-	-	-	-	-	3,585	-
Purchase of services	3,176	1,657	443	1,154	1,710	2,812	7,824	451	2,583	2,200
	<u>121,608</u>	<u>23,485</u>	<u>9,200</u>	<u>10,066</u>	<u>33,664</u>	<u>30,197</u>	<u>58,453</u>	<u>20,477</u>	<u>32,256</u>	<u>2,810</u>
Surplus (deficit) from program activities	4,531	(4,314)	3,616	(1,054)	(9,208)	(3,447)	487	(5,718)	4,328	1,715
Operating surplus (deficit), beginning of year	(11,124)	713	4,843	7,624	4,895	34,410	3,280	15,245	17,697	-
Operating surplus (deficit), end of year	\$ (6,593)	\$ (3,601)	\$ 8,459*	\$ 6,570	\$ (4,313)	\$ 30,963*	\$ 3,767	\$ 9,527*	\$ 22,025*	\$
Board approved transfers/subsidies	1,318	3,601	-	-	4,877	-	-	-	-	-
Operating surplus, post-transfer	\$ (5,275)**	\$ -	\$ 8,459*	\$ 6,570*	\$ 564*	\$ 30,963*	\$ 3,767	\$ 9,527*	\$ 22,025*	\$

* Restricted program funds total \$78,109 including end of year surplus of HAIG Drop-in, Senior Program, Perinatal Program, Therapeutic Play Program, Teen Program and After School Program.

** The deficits shown for the Applegrove Drop-in is largely comprised of vacation leave for relevant staff.