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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 for the Harbourfront Community Centre** 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 28, 2011

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

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

December 31

2010

2009

**Assets**

Current

Cash and short term investments	\$ 718,296	\$ 714,553
Receivables - City of Toronto	53,965	29,416
- Other	14,605	10,458
Prepays	-	3,215
	<u>786,866</u>	<u>757,642</u>

Long term

Receivable - City of Toronto (Note 3)	276,911	260,569
Capital assets (Note 4)	<u>19,758</u>	<u>29,413</u>
	<u>\$ 1,083,535</u>	<u>\$ 1,047,624</u>

**Liabilities**

Current

Payables and accruals - City of Toronto	\$ 5,414	\$ 32
- Other	197,934	115,119
Deferred revenue (Note 5)	<u>82,319</u>	<u>146,363</u>
	<u>285,667</u>	<u>261,514</u>


Long term

Employee benefits payable (Note 3)	301,968	283,810
Deferred capital contributions (Note 6)	<u>10,732</u>	<u>14,109</u>
	<u>598,367</u>	<u>559,433</u>

**Net Assets**

Invested in program capital assets (Note 4)	9,026	15,304
Reserves program funds (Note 7)	427,724	427,724
Unrestricted program funds	<u>48,418</u>	<u>45,163</u>
	<u>485,168</u>	<u>488,191</u>
	<u>\$ 1,083,535</u>	<u>\$ 1,047,624</u>

Approved on behalf of the Board of Management



Chair



Treasurer

See accompanying notes to the financial statements.

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

Year ended December 31

2009

	<b>2010 Budget</b>	<b>2010 Actual</b>	
<b>Program revenue</b>			
Grants			
Government of Canada	\$ 124,070	\$ 125,830	\$ 119,638
Provincial	32,000	50,017	-
City of Toronto	129,529	105,756	126,053
Other foundations/agencies	<u>34,941</u>	<u>40,382</u>	<u>49,687</u>
	<b>320,540</b>	<b>321,985</b>	<b>295,378</b>
Donations/Fundraising/Other	66,058	69,757	57,801
Program and membership fees	124,550	98,258	111,108
Rental fees	62,400	81,278	67,789
Interest	<u>4,000</u>	<u>5,998</u>	<u>3,754</u>
	<b>577,548</b>	<b>577,276</b>	<b>535,830</b>
<b>Program expenditures</b>			
Salaries and wages	375,106	362,298	352,682
Employee benefits	49,182	52,585	50,419
Materials and supplies	111,490	113,657	96,525
Purchase of services	47,961	45,481	31,729
Amortization of capital assets	-	6,278	6,703
	<u>583,739</u>	<u>580,299</u>	<u>538,058</u>
Excess of expenditures over revenues - Program	<b>(6,191)</b>	<b>(3,023)</b>	<b>(2,228)</b>
<b>Administration expenditures</b>			
Salaries and wages	838,332	846,299	771,810
Employee benefits	215,419	211,224	211,790
Materials and supplies	80,850	85,327	106,869
Purchase of services	91,350	103,850	116,437
Amortization of capital assets	-	3,377	3,896
Amortization of deferred capital contributions	-	(3,377)	(3,896)
	<u>1,225,951</u>	<u>1,246,700</u>	<u>1,206,906</u>
Funds provided by City of Toronto			
Administration (Note 8)	<u>1,225,951</u>	<u>1,246,700</u>	<u>1,206,906</u>
Administration excess of expenditures over revenue	-	-	-
Excess of expenditures over revenues - Program	<b>\$ (6,191)</b>	<b>\$ (3,023)</b>	<b>\$ (2,228)</b>

See accompanying notes to the financial statements.

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

Year ended December 31, 2010

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	<u>Invested in Capital assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<b><u>Total 2010</u></b>	<b><u>Total 2009</u></b>
Net assets, beginning of year	\$ 15,304	\$ 427,724	\$ 45,163	\$ <b>488,191</b>	\$ 490,419
Excess of revenues over expenditures	-	-	(3,023)	<b>(3,023)</b>	(2,228)
Transfer of amortization to invested in capital assets	<u>(6,278)</u>	<u>-</u>	<u>6,278</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>9,026</u>	\$ <u>427,724</u>	\$ <u>48,418</u>	\$ <b><u>485,168</u></b>	\$ <b><u>488,191</u></b>

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See accompanying notes to the financial statements.

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

Year Ended December 31

**2010**

**2009**

Increase (decrease) in cash and short term investments

<b>Operating activities</b>		
Excess of expenditures over revenues	\$ (3,023)	\$ (2,228)
Amortization of capital assets	9,655	10,599
Amortization of deferred capital contributions	(3,377)	(3,896)
Increase (decrease) resulting from changes in:		
Receivable - City of Toronto	(24,549)	19,683
- Other	(4,147)	600
Prepays	3,215	(2,715)
Payables - City of Toronto	5,382	32
- Other	82,815	(32,382)
Deferred revenue	(64,044)	47,644
Long term receivable - City of Toronto	(16,342)	(21,368)
Long term employee benefits payable	<u>18,158</u>	<u>23,742</u>
	<u>3,743</u>	<u>39,711</u>
Net increase in cash and short term investments	3,743	39,711
Cash and short term investments, beginning of year	<u>714,553</u>	<u>674,842</u>
Cash and short term investments, end of year	\$ <u>718,296</u>	\$ <u>714,553</u>

See accompanying notes to the financial statements.

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# Board of Management for the Harbourfront Community Centre

## Notes to the Financial Statements

December 31, 2010

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### 1. Establishment and operations

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 – 0448 dated June 26, 1995 to reflect Chapter 25 of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established part of the premises at 627 Queens Quay West, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Harbourfront Community Centre (the “Centre”).

The Municipal Code provides for a Council appointed Board which, among other matters, shall:

- (a) endeavour to manage and control the premises in a reasonable and efficient manner, in accordance with standard good business practices, and
- (b) pay to the City of Toronto (City) any excess of administration expenditure funds provided by the City in accordance with its approved annual budget, but may retain any surplus from program activities.

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### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the accounting policies summarized below:

#### Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital assets. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contribution on the balance sheet. Rental and similar revenues are recognized on the date of the performance or event.

#### Capital assets

Purchased capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

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

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

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

December 31, 2010

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**2. Significant accounting policies (continued)**

**Deferred capital contribution**

Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contribution on the balance sheet.

**Contributed material and services**

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

**Use of estimates**

The preparing of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. For example, the employee benefits liabilities and related costs charged to the statement of revenue and expenditures depend on certain actuarial and economic assumptions. Estimates and assumptions are based on the Centre's best information and judgement and may differ significantly from actual results.

**Employee related costs**

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

- (a) the Centre's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are made; and
- (b) the costs of other employee benefits are determined by an independent actuary using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.

**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.

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

December 31, 2010

**3. Employee benefits**

The Centre participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its employees. Under the sick leave plan for management staff with ten years of service as of April 1, 2003, unused sick leave accumulates and eligible employees may be entitled to a cash payment upon leaving the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and could be taken in cash by the employee upon termination, retirement or death. The Centre also provides health, dental, accidental death & disability, life insurance and long-term disability benefits to eligible employees. Depending on length of service and individuals' election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed in 2010 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2010. The actuarial valuation has resulted in an actuarial loss of \$31,139 which is being amortized on a straight-line basis over 16 years, being the expected average remaining service life of the employees.

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

	<u>2010</u>	<u>2009</u>
Sick leave benefit plan	\$ 167,393	\$ 133,782
Post-retirement benefits	<u>147,718</u>	<u>127,065</u>
	315,111	260,847
Add: Unamortized actuarial (loss) gain	<u>(13,143)</u>	<u>22,963</u>
Employee benefit liability	\$ <u>301,968</u>	\$ <u>283,810</u>

The continuity of the accrued benefit obligation during 2010 is as follows:

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 283,810	\$ 260,068
Current service cost	9,674	17,203
Interest cost	15,303	11,599
Amortization of actuarial gain	(4,968)	(5,060)
Expected benefits paid	<u>(1,851)</u>	<u>-</u>
Balance, end of year	\$ <u>301,968</u>	\$ <u>283,810</u>

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

December 31, 2010

**3. Employee benefits (continued)**

Expenditures in 2010 relating to employee benefits are included as employee benefit expenses for program (\$1,816) and administration (\$16,341) on the Statement of Revenue and Expenditures and include the following components:

	<u>2010</u>	<u>2009</u>
Current service cost	\$ 9,673	\$ 17,203
Interest cost	15,303	11,599
Amortization of actuarial gain	<u>(4,968)</u>	<u>(5,060)</u>
	20,008	23,742
Less expected benefits paid during the year	<u>(1,851)</u>	<u>(-)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>18,157</u>	\$ <u>23,742</u>

A long-term receivable of \$276,911 (2009 - \$260,569) has resulted from recording sick leave and post retirement benefits for administration staff. Funding for these costs are provided by the City as benefit costs are paid and the City is responsible for the City approved administration staff benefit liabilities that may be incurred by the Centre. Sick leave and post retirement benefit liabilities for program staff amounted to \$25,058 (2009 - \$23,242) are the responsibility of the Centre and are not recoverable from the City.

The Centre also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

**4. Capital assets**

			<u>2010</u>	<u>2009</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Program furniture, fixtures and equipment	\$ 57,040	\$ 48,014	\$ 9,026	\$ 15,304
Administration furniture, fixtures and equipment	<u>149,324</u>	<u>138,592</u>	<u>10,732</u>	<u>14,109</u>
	\$ <u>206,364</u>	\$ <u>186,606</u>	\$ <u>19,758</u>	\$ <u>29,413</u>

**5. Deferred revenue**

	<u>2010</u>	<u>2009</u>
Government of Canada	\$ -	\$ 27,084
City of Toronto	51,550	62,480
Other	<u>30,769</u>	<u>56,799</u>
	\$ <u>82,319</u>	\$ <u>146,363</u>

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

December 31, 2010

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**6. Deferred capital contributions**

Deferred capital contribution represents the unamortized amount of restricted grants received from the City for the purchase of capital assets for use in administrative activities. The amortization of deferred capital contribution is recorded as revenue in the Statement of Operations when the associated asset is brought into service.

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<b>7. Reserve program funds</b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Mission and Strategic Priority Reserve		
Children and Youth Reserve	\$ 78,615	\$ 78,615
Replacement of Capital Equipment	19,193	19,193
Special Project – Community Development	58,075	58,075
Special Project – Summer Program	35,000	35,000
Special Project – Capital Equipment	<u>51,635</u>	<u>51,635</u>
	<b>242,518</b>	242,518
Program Administration Reserve	<u>185,206</u>	<u>185,206</u>
	<b>\$ <u>427,724</u></b>	<b>\$ <u>427,724</u></b>

The Mission and Strategic Priority Reserve represents funds set aside by the Board of Management for future special projects relating to children and youth or special project initiatives, identified through strategic planning processes and for expenditures required to maintain the Centre's facility and/or for purchases of capital items not funded through other sources. The Program Administration Reserve represents funds set up to meet legal and financial obligations in the event of future funding uncertainties and legal and financial obligations for program salary and benefits not otherwise covered by city administration funds. Internally restricted net assets are not available for other purchases without approval of the Board of Management.

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**8. Funds provided - administration**

Funding for administration expenditures is provided by the City according to Council approved budgets. Surplus amounts in administration are payable back to the City. Deficits, other than long-term employee benefits, are to be funded by the Centre unless Council approval has been obtained for additional funding.

The Centre's approved budget for 2010 administration was \$1,225,951 (2009 - \$1,192,267). The actual administration expenditures amounted to \$1,246,700 (2009 - \$1,206,906).

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

December 31, 2010

**8. Funds provided - administration (continued)**

The funding repayable to the City in 2010 is \$65 (2009 – repayable to the City of \$32).

	<u>2010</u>	<u>2009</u>
Administration grant paid by the City	\$ <u>1,225,951</u>	\$ <u>1,192,267</u>
<b>Funding allowed by the City</b>		
Administration expenditure for financial statements	1,246,700	1,206,906
Less:		
Expenditures not eligible for current year funding		
Vacation pay liability	(4,473)	(1,482)
Sick leave liability	(6,863)	(12,262)
Post retirement benefits obligations	(9,478)	(9,106)
Add:		
Capital assets - funded by administration grants	<u>-</u>	<u>8,179</u>
Funding allowed by the City	\$ <u>1,225,886</u>	\$ <u>1,192,235</u>
Funding repayable to the City	\$ <u>65</u>	\$ <u>32</u>