



Grant Thornton

TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

**Board of Management for the Ralph Thornton
Community Centre**

December 31, 2010

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12



Grant Thornton

Independent Auditor's Report

Grant Thornton LLP
19th Floor, Royal Bank Plaza South Tower
200 Bay Street, Box 55
Toronto, ON
M5J 2P9
T +1 416 366 0100
F +1 416 360 4949
E Toronto@GrantThornton.ca
www.GrantThornton.ca

To the Council of the Corporation of the

City of Toronto and the Board of Management for Ralph Thornton Community Centre

We have audited the accompanying financial statements of the **Board of Management for Ralph Thornton Community Centre** which comprise the statement of financial position as at December 31, 2010, and the statement of operations, statement of changes in 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 for Ralph Thornton 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.

Grant Thornton LLP

Toronto, Ontario
June 1, 2011

Chartered Accountants
Licensed Public Accountants

Board of Management for the Ralph Thornton Community Centre Statement of Financial Position

December 31 2010 2009

Assets

Current

Cash and short term investments	\$ 55,040	\$ 158,369
Receivables - City of Toronto	65,340	31,428
- Other	109,843	89,713
Prepays	<u>2,180</u>	<u>2,458</u>
	<u>232,403</u>	<u>281,968</u>

Long term

Receivable - City of Toronto (Note 3)	159,442	169,820
Capital assets (Note 4)	<u>54,494</u>	<u>63,436</u>
	<u>213,936</u>	<u>233,256</u>
	<u>\$ 446,339</u>	<u>\$ 515,224</u>

Liabilities

Current

Payables and accruals - City of Toronto	\$ 5,258	\$ 4,285
- Other	95,700	62,871
Deferred revenue (Note 5)	<u>80,183</u>	<u>123,480</u>
	<u>181,141</u>	<u>190,636</u>

Long term

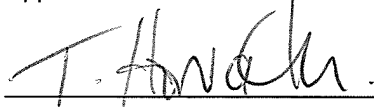
Deferred capital contribution (Note 6)	50,072	58,698
Employee benefits payable (Note 3)	<u>159,442</u>	<u>169,820</u>
	<u>390,654</u>	<u>419,154</u>


Net Assets

Invested in capital assets	52,413	61,024
Unrestricted program funds	<u>3,271</u>	<u>35,046</u>
	<u>55,684</u>	<u>96,070</u>
	<u>\$ 446,339</u>	<u>\$ 515,224</u>

Commitments (Note 10)

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

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

Year Ended December 31, 2010

	Invested in <u>Capital assets</u>	<u>Unrestricted</u>	Total <u>2010</u>	Total <u>2009</u>
Net assets, beginning of year	\$ 61,024	\$ 35,046	\$ 96,070	\$ 94,328
Excess of revenue over expenditures		(40,386)	(40,386)	1,742
Transfer of amortization to invested in capital assets	(9,870)	9,870	-	-
Investment in capital assets	<u>1,259</u>	<u>(1,259)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>52,413</u>	\$ <u>3,271</u>	\$ <u>55,684</u>	\$ <u>96,070</u>

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton Community Centre Statement of Operations

Year Ended December 31

2010

2009

Program revenue

Grants

Provincial government	\$ 103,375	\$ 119,456
Government of Canada (Note 8)	17,002	17,267
Other Grants	44,650	11,018
Foundations	41,883	25,196
City of Toronto	<u>106,763</u>	<u>75,973</u>
	313,673	248,910
Donations and fundraising	74,130	69,373
Rental fees	10,290	11,069
User fees	5,151	6,954
Other	<u>4,938</u>	<u>15,151</u>
	<u>408,182</u>	<u>351,457</u>

Program expenditures

Salaries and wages	308,499	255,490
Employee benefits	40,785	33,770
Purchase of services	40,686	16,573
Materials and supplies	48,728	33,952
Depreciation expense	<u>9,870</u>	<u>9,930</u>
	<u>448,568</u>	<u>349,715</u>

Excess of (expenditures over revenue) revenue over expenditures - Program	<u>(40,386)</u>	<u>1,742</u>
--	-----------------	--------------

Administration revenue

Grant - administration (Note 9)	680,192	656,844
Rental income - Toronto Public Library	<u>39,364</u>	<u>39,365</u>
	<u>725,336</u>	<u>696,209</u>

Administration expenditures

Salaries and wages	506,086	469,945
Employee benefits	100,454	106,083
Purchase of services	92,523	99,043
Materials and supplies	26,274	21,138
Depreciation	1,425	1,206
Amortization of deferred capital contribution	<u>(1,425)</u>	<u>(1,206)</u>
	<u>725,336</u>	<u>696,209</u>

Excess of (expenditures over revenue) revenue over expenditures	\$ <u>(40,386)</u>	\$ <u>1,742</u>
--	--------------------	-----------------

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

December 31, 2010

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 No. 765 Queen Street East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Ralph Thornton Community Centre ("Centre"). The City purchased the property March 2004.

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 (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 asset. 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.

Cash and short term investments

Cash include cash on hand and balances with banks. Short term investments include short term deposits with original maturities of twelve months or less.

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

December 31, 2010

2. Significant accounting policies (continued)

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 hardware	- 3 years straight-line
Furniture, fixtures and equipment	- 5 years straight-line
Kitchen improvements	- 10 years straight-line

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements. In addition, costs such as computer support, provided without charge by the City, are not reported.

Use of estimates

The preparation 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.

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 non-union administration staff, unused sick leave can accumulate and employees may become 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 an employee on terminating. The Centre also provides health, dental, life insurance and long term disability benefits to employees. The same health, dental and life insurance benefits are provided to administration retirees until age 65 with reduced benefits thereafter.

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

December 31, 2010

3. Employee benefits (continued)

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 loss of \$168,592 which is being amortized on a straight-line basis over 15 years, being the expected average remaining service life of the employees.

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

	<u>2010</u>	<u>2009</u>
Income benefits	\$ 122,164	\$ 142,234
Continuation of benefits to disabled employees	35,242	42,599
Sick leave benefit plan	7,343	31,384
Post-retirement benefits	<u>153,189</u>	<u>122,195</u>
	<u>317,938</u>	338,412
Less: Unamortized actuarial (loss)	<u>(158,495)</u>	<u>(168,592)</u>
Employee benefit liability	<u>\$ 159,443</u>	<u>\$ 169,820</u>

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

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 169,820	\$ 170,510
Current service cost	13,822	8,812
Interest cost	10,075	5,616
Amortization of actuarial loss	8,405	9,913
Expected benefits paid	<u>(42,680)</u>	<u>(25,031)</u>
Balance, end of year	<u>\$ 159,443</u>	<u>\$ 169,820</u>

Expenditures in 2010 relating to employee benefits are included as administration expenses on the Statement of Revenue and Expenditure and include the following components:

	<u>2010</u>	<u>2009</u>
Current service cost	\$ 13,822	\$ 8,812
Interest cost	10,075	5,616
Amortization of actuarial loss	8,405	9,913
Expected benefits paid	<u>(42,680)</u>	<u>(25,031)</u>
Total expenditures related to post-retirement and post-employment benefits	<u>\$ (10,378)</u>	<u>\$ (690)</u>

A long term receivable of \$159,443 (2009 - \$169,820) 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 continues to be responsible for the benefit liabilities of administration staff that may be incurred by the Centre.

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

December 31, 2010

3. Employee benefits (continued)

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 Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Program				
Building and kitchen improvements	\$ 82,100	\$ 32,298	\$ 49,802	\$ 58,012
Computer hardware	38,560	38,192	368	814
Furniture, fixtures and equipment	<u>13,083</u>	<u>10,841</u>	<u>2,242</u>	<u>2,198</u>
	133,743	81,331	52,412	61,024
Administration				
Furniture, fixtures and equipment	<u>7,125</u>	<u>5,043</u>	<u>2,082</u>	<u>2,412</u>
	<u>\$ 140,868</u>	<u>\$ 86,374</u>	<u>\$ 54,494</u>	<u>\$ 63,436</u>

5. Deferred revenue			<u>2010</u>	<u>2009</u>
Metcalf Foundation			\$ -	\$ 29,757
Toronto Community Housing			20,000	12,549
City of Toronto			4,723	12,190
Other - grants for Children Youth program			5,535	33,348
Other - grants for kitchen			23,425	23,669
Ministry of Training, Colleges and Universities			-	1,967
Canadian Tire			10,000	10,000
Toronto Arts Council			9,000	-
Ontario Arts Council			<u>7,500</u>	<u>-</u>
			<u>\$ 80,183</u>	<u>\$ 123,480</u>

6. Deferred capital contribution

Contributions relating to the renovation of the kitchen, a program asset, are being deferred and amortized over the life of the asset (10 years).

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

December 31, 2010

7. Grants - Government of Canada	<u>2010</u>	<u>2009</u>
Human Resources Development Canada	\$ <u>17,002</u>	\$ <u>12,977</u>

8. Funds provided - administration

Funding for administration is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits, other than long-term employee benefits, are payable to the Centre subject to Council approval.

	<u>2010</u>	<u>2009</u>
Budgeted Administration expenditure:		
Approved budget for 2010 administrative expenses	\$ 643,320	\$ 637,972
Settlement – COLA increase as per collective agreement	8,347	-
Add: Rental Income - Toronto Public Library	<u>39,364</u>	<u>39,365</u>
	<u>691,031</u>	<u>677,337</u>
Actual administrative expenditure:		
Administrative expenditures as per financial statements	725,336	696,209
Purchase of administrative capital assets	1,095	-
Add: Post retirement benefits	<u>10,378</u>	<u>690</u>
Funding allowed by City	<u>736,809</u>	<u>696,899</u>
Administration expenditure (over) approved budget	\$ <u>(45,778)</u>	\$ <u>(19,562)</u>

The over expenditure of \$45,778 in 2010 (2009 - \$19,562) is included in accounts receivable from the City. The over expenditure is receivable from the Centre subject to council approval.

9. Financial instruments

Fair value of financial instruments

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

**Board of Management for the
Ralph Thornton Community Centre
Notes to the Financial Statements**

December 31, 2010

10. Lease commitments

The minimum operating lease payments required for the centre are as follows:

2011	\$ 11,445
2012	<u>9,721</u>
	\$ <u>21,166</u>

11. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.