



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

**Board of Management for
the Scadding Court Community Centre**

December 31, 2010

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Independent Auditor's Report

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To the Council of the Corporation of the
Board of Management for the Scadding Court Community Centre

We have audited the accompanying financial statements of the **Board of Management for the Scadding Court Community Centre** which comprise the statement of financial position as at December 31, 2010, and the statement of operations, revenue and expenses 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 the Scadding Court 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
May 31, 2011

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Scadding Court Community Centre
Statement of Revenue and Expenses**

Year Ended December 31, 2010

	2010	2010	2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Administration			
Salaries and wages	\$ 619,700	\$ 644,255	\$ 643,535
Employee benefits	163,200	187,514	192,257
Materials and supplies	26,200	17,943	16,265
Purchase of services	55,300	47,616	38,802
Amortization of capital assets	-	5,372	5,086
Amortization of deferred capital contributions	-	(5,372)	(5,086)
	<u>864,400</u>	<u>897,328</u>	<u>890,859</u>
Funds provided by City of Toronto			
City funding – administration	864,400	897,028	890,859
HST credit	-	300	-
	<u>864,400</u>	<u>897,328</u>	<u>890,859</u>
Excess of revenue over expense	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

**Board of Management for the
Scadding Court Community Centre
Statement of Financial Position**

December 31

2010

2009

Assets

Current

Cash	\$ 10,187	\$ 340
Receivables		
- City of Toronto	18,403	25,590
- City of Toronto - vacation pay	25,024	16,554
- Other	6,719	20,925
Prepays	-	2,466
	<u>60,333</u>	<u>65,875</u>

Long term

Receivable - City of Toronto (Note 4)	390,785	369,764
Capital assets (Note 5)	7,537	12,909
	<u>398,322</u>	<u>382,673</u>
	\$ <u>458,655</u>	\$ <u>448,548</u>

Liabilities

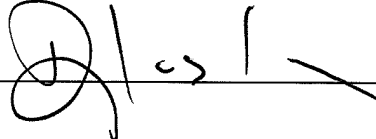
Current

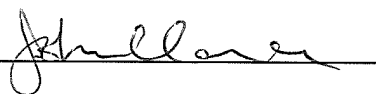
Payables and accruals		
- City of Toronto	\$ 855	\$ -
- Scadding Court Community Centre, Inc.	3,955	-
- Vacation pay payable	25,024	16,554
- Other	30,499	49,321
	<u>60,333</u>	<u>65,875</u>

Long term

Deferred capital contributions	7,537	12,909
Employee benefits payable	390,785	369,764
	<u>398,322</u>	<u>382,673</u>
	\$ <u>458,655</u>	\$ <u>448,548</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

Board of Management for the Scadding Court Community Centre Statement of Cash Flows

Year Ended December 31

2010

2009

Increase (decrease) in cash

Operating activities

Adjustment for non-cash items:		
Amortization of capital assets	\$ 5,372	\$ 5,086
Amortization of deferred capital contributions	(5,372)	(5,086)
Increase (decrease) resulting from changes in:		
Receivable - City of Toronto	7,187	34,352
- City of Toronto - Vacation pay	(8,470)	(1,685)
- Scadding Court Community Centre, Inc.	-	599
- Other	14,206	398
Prepaid expenses	2,466	(629)
Payables - City of Toronto	855	(7,506)
- Scadding Court Community Centre, Inc.	3,955	(31,225)
- Vacation pay payable	8,470	1,685
- Other	(18,822)	3,417
Long term account receivable - City of Toronto	(21,021)	(29,846)
Long term employee liabilities	<u>21,021</u>	<u>29,846</u>
	<u>9,847</u>	<u>(594)</u>
Investing activities		
Acquisition of capital assets	-	4,000
City of Toronto financing of capital assets	<u>-</u>	<u>(4,000)</u>
	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	9,847	(594)
Cash, beginning of year	<u>340</u>	<u>934</u>
Cash, end of year	\$ <u>10,187</u>	\$ <u>340</u>

See accompanying notes to the financial statements.

Board of Management for the Scadding Court 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 707 Dundas Street West, Toronto, as a community recreation centre under the Community Recreation Centres Act, known as Scadding Court Community Centre (the "Centre").

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 (City) any excess of administration expenditure funds provided by the City in accordance with its approved annual budget.

2. Financial statements

The Municipal Code required that the Committee of Management submit audited annual financial statements for the Centre to the City covering the management and control of the premises by the Committee. These financial statements reflect the operations of the Centre relating to administration expenditure funded by the City of Toronto. Effective January 1, 2002, separate financial records were established for Scadding Court Community Centre, Inc., a registered charitable organization, and separate financial statements are prepared for its revenue and expenditure from programs.

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. 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.

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2010

3. 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:

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

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 judgment 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 pro-rated 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

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2010

3. Significant accounting policies (continued)

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 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 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 and reduced benefits thereafter.

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 2011 and has been extrapolated to provide the accrued benefit obligation as of December 31, 2010. The actuarial valuation has resulted in an actuarial, loss of \$269,069 in 2006, and a loss of \$11,882 in 2010 which are being amortized on a straight-line basis over 15 years, 12.8 years and 16 years respectively, 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>
Post retirement benefits	\$ 151,904	\$ 147,685
Continuation of benefits to disabled employees	116,472	126,435
Income benefits	226,308	271,327
Sick leave benefit	<u>96,499</u>	<u>84,540</u>
	<u>591,183</u>	629,987
Less : Unrealized actuarial loss (gain) – Beginning of year	(11,882)	36,365
Less: Unamortized actuarial loss	<u>212,280</u>	<u>223,858</u>
Employee benefit liability	<u>\$ 390,785</u>	<u>\$ 369,764</u>

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2010

4. Employee benefits (continued)

The continuity of the accrued benefit obligation is as follows:

	<u>2010</u>	<u>2010</u>
Balance, beginning of year	\$ 369,764	\$ 339,918
Opening balance adjustment	-	-
Current service cost	11,770	12,376
Interest cost	30,671	33,849
Amortization of actuarial loss	23,460	25,246
Expected benefits paid	<u>(44,880)</u>	<u>(41,625)</u>
Balance, end of year	\$ <u>390,785</u>	\$ <u>369,764</u>

Expenditures in 2010 relating to employee benefits are included on the Statement of Revenue and Expenses and include the following components:

	<u>2010</u>	<u>2010</u>
Current service cost	\$ 11,770	\$ 12,376
Interest cost	30,671	33,849
Amortization of actuarial loss	23,460	25,246
Less: Expected benefits paid	<u>(44,880)</u>	<u>(41,625)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>21,021</u>	\$ <u>29,846</u>

A long term receivable from the City has resulted from recording of staff benefits 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 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 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.

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2010

5. 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>
Computers	\$ 4,971	\$ 2,693	\$ 2,278	\$ 3,732
Furniture and equipment	<u>20,472</u>	<u>15,213</u>	<u>5,259</u>	<u>9,177</u>
	\$ <u>25,443</u>	\$ <u>17,906</u>	\$ <u>7,537</u>	\$ <u>12,909</u>

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 back to the City. Deficits, excluding those accruals for long term employee benefits, are to be funded by the Centre unless Council approval has been obtained for additional funding.

	<u>2010</u>	<u>2009</u>
Budgeted administration expenditure:		
Centre's approved budget for 2010 administration expenses	\$ <u>876,864</u>	\$ <u>845,800</u>
Actual administration expenditure:		
Centre's actual administration expenses were	897,330	890,859
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term account receivable - City of Toronto	(21,021)	(29,846)
HST Credit	(300)	(809)
Add: Acquisition of capital assets	-	4,000
	<u>876,009</u>	<u>864,204</u>
Administration expenditure (over) approved budget	\$ <u>855</u>	\$ <u>(18,404)</u>

The under expenditure of \$855 (2009 - \$18,404 over expenditure) is included in accounts payable to the City.

7. Financial Instruments

Company's estimate of the fair market value of financial instruments included in current assets and current liabilities approximates their carrying values.