



TO BE SIGNED AND  
RETURNED TO  
GRANT THORNTON

Financial Statements

**Applegrove Community Complex**

December 31, 2011

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10
Schedule of Program Activities and Fundraising	11



Grant Thornton

## Independent Auditor's Report

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

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, 2011, 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 non-profit organizations, the complex derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the complex 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, 2011, 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 30, 2012

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

## Applegrove Community Complex Statement of Financial Position

Year Ended December 31 2011 2010

**Assets**

Current		
Cash and short term investments	\$ 181,451	\$ 148,128
Receivables - Other	39,861	32,919
- City of Toronto	28,635	32,382
Prepays	<u>574</u>	<u>1,721</u>
	250,521	215,150
Long term		
Receivable - City of Toronto (Note 4)	<u>233,143</u>	<u>211,457</u>
	<u>\$ 483,664</u>	<u>\$ 426,607</u>

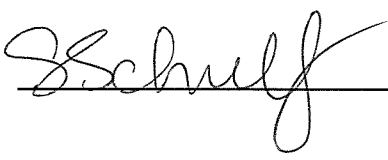

**Liabilities**

Current		
Payables - Other (Note 7)	\$ 122,857	\$ 104,632
- City of Toronto (accrued surplus)	<u>13,740</u>	<u>11,475</u>
	136,597	116,107
Long term		
Employee benefits payable (Note 4)	<u>233,143</u>	<u>211,457</u>
	<u>369,740</u>	<u>327,564</u>

**Net Assets**

Restricted program funds (Page 11)	101,107	78,109
Unrestricted program funds	<u>12,817</u>	<u>20,934</u>
	<u>113,924</u>	<u>99,043</u>
	<u>\$ 483,664</u>	<u>\$ 426,607</u>

Approved on behalf of the Board of Directors


Chairperson

Secretary

See accompanying notes to the financial statements.

---

## Applegrove Community Complex Statement of Operations and Net Assets

Year Ended December 31

2011

2010

### Program revenue

Grants		
City of Toronto	\$ 176,442	\$ 164,848
Province of Ontario	39,356	49,235
Government of Canada	49,303	39,204
Other grants	<u>52,304</u>	<u>59,223</u>
	317,405	312,510
Fundraising and donations	57,208	43,528
Program and membership fees	<u>51,647</u>	<u>42,893</u>
	<u>426,260</u>	<u>398,931</u>

### Program expenditures

Salaries and wages	281,273	266,589
Employee benefits	49,208	30,032
Materials and supplies	48,542	60,808
Purchase of services	<u>32,356</u>	<u>32,523</u>
	<u>411,379</u>	<u>389,952</u>

Excess of revenue over expenditures - Program	<u>14,881</u>	<u>8,979</u>
---	---------------	--------------

### Administration expenditures

Salaries and wages	262,755	255,079
Employee benefits	66,760	50,870
Materials and supplies	10,588	10,360
Purchase of services	<u>33,142</u>	<u>78,219</u>
	<u>373,245</u>	<u>394,528</u>

Funds provided by City of Toronto	372,973	394,445
Interest and other revenue	<u>272</u>	<u>83</u>
	<u>373,245</u>	<u>394,528</u>

Excess of revenue over expenditures	14,881	8,979
-------------------------------------	--------	-------

Net assets, beginning of year	<u>99,043</u>	<u>90,064</u>
-------------------------------	---------------	---------------

Net assets, end of year	<u>\$ 113,924</u>	<u>\$ 99,043</u>
-------------------------	-------------------	------------------

---

See accompanying notes to the financial statements.

---

## Applegrove Community Complex Statement of Cash Flows

Year Ended December 31

2011

2010

---

Increase (decrease) in cash and short term investments

<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 14,881	\$ 8,979
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	3,747	19,264
- Other	(6,943)	(7,759)
Prepays	1,147	5,012
Long term receivable - City of Toronto	(21,686)	(19,921)
Payables – City of Toronto	2,265	11,475
Payables and accruals	18,226	(17,186)
Long term employee benefits payable	<u>21,686</u>	<u>13,313</u>
Net increase in cash and short term investments	<b>33,323</b>	13,177
Cash and short term investments, beginning of year	<u>148,128</u>	<u>134,951</u>
Cash and short term investments, end of year	<b>\$ <u>181,451</u></b>	<b>\$ <u>148,128</u></b>

---

See accompanying notes to the financial statements.

---

# Applegrove Community Complex

## Notes to the Financial Statements

December 31, 2011

---

### 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, 2011

---

### **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, 2011

---

### **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. 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. Recent roll-forward valuation as at December 31, 2011 has resulted in a total actuarial loss of \$98,536 which is being amortized on a straight-line basis.

---

## Applegrove Community Complex Notes to the Financial Statements

December 31, 2011

---

#### 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>2011</u>	<u>2010</u>
Sick leave benefit plan	\$ 80,859	\$ 78,773
Post-retirement benefits	217,077	200,488
Actuarial loss	<u>33,743</u>	<u>          </u>
	331,679	279,261
Add: Unamortized actuarial (loss)	<u>(98,536)</u>	<u>(67,804)</u>
Employee benefit liability	<u>\$ 233,143</u>	<u>\$ 211,457</u>

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

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 211,457	\$ 191,536
Current service cost	6,435	7,703
Interest cost	14,441	12,519
Amortization of actuarial loss	3,011	835
Expected benefits paid	<u>(2,201)</u>	<u>(1,136)</u>
Balance	<u>\$ 233,143</u>	<u>\$ 211,457</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 expense 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. This amount is not included as employee benefit expense on the Statement of Revenue and Expenditure. For program staff, vacation accrual amount is included as employee benefit expense 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 certain 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 \$ 29,988 in 2011 (2010 - \$26,319).

---

## Applegrove Community Complex Notes to the Financial Statements

December 31, 2011

---

### 5. 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 2011 administrative budget is summarized as follows:

	<u>Budget</u>
Salaries	\$ 269,696
Fringe benefits	67,977
Material and supplies	9,713
Purchase of services	<u>27,852</u>
	<u>\$ 375,238</u>

The Complex approved budget for 2011 administration expenditure was \$ 375,238 (2010 - \$405,920). The actual net administration expenditure amounts to \$ 372,973 (2010 - \$394,445). The under expenditure equal to \$ 2,265 (2010 - under expenditure \$11,475), is recorded as payable to the City of Toronto.

---

### 6. Lease commitments

The Complex has obtained permitted use of the Corpus Christi Church for Edgewood Connection Family Resources Centre. Minimum payments for 2012 are \$3,000.

---

### 7. 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 payables.

---

### 8. SPACE (Saving Public Access to Community space Everywhere) advocacy grants

Applegrove acts as trustee for the SPACE coalition (Saving Public Access to Community space Everywhere) on the captioned grant from Heart & Stroke Foundation. The grant has been received in full and SPACE coalition started the project in 2011. The \$4,609 remaining grant balance is classified as restricted funding as the project will be completed in 2012.

---

### 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, 2011

	Applegrove Drop-in	Edgewood Drop-in	HAIG Drop-in	Teen Program	Perinatal Program	Therapeutic Play	Summer Program	After school Program	Seniors Program	Nevada Ticket
<b>Program revenues</b>										
Government grants										
City of Toronto	\$ 103,626	\$ 18,686	\$ -	\$ -	\$ -	\$ -	\$ 9,290	\$ -	\$ -	\$ -
Province of Ontario	9,000	-	3,000	-	-	-	840	-	26,516	-
Federal Government	-	-	-	-	35,369	-	13,934	-	-	-
Non-government grants	3,394	409	19	200	-	26,750	13,929	250	1,784	-
Donations	1,849	4,610	944	8,069	26	-	575	14,733	2,954	-
Fundraising	2,078	600	2,432	-	-	-	939	-	-	3,955
Membership/user fees/others	3,957	-	-	-	82	497	22,615	18,360	200	4
	<u>123,905</u>	<u>24,305</u>	<u>6,395</u>	<u>8,269</u>	<u>35,477</u>	<u>27,247</u>	<u>62,122</u>	<u>33,343</u>	<u>31,454</u>	<u>3,959</u>
<b>Program expenditures</b>										
Salaries	98,281	15,101	8,729	5,388	6,650	18,476	46,207	17,150	17,831	-
Benefits	28,600	6,779	743	359	391	1,538	3,843	1,102	1,878	-
Materials and supplies	3,345	1,048	1,504	1,176	18,056	3,499	6,311	3,112	5,450	506
Furniture and equipment	-	198	-	-	-	-	-	-	-	-
Purchase of services	3,025	2,440	1,147	879	2,243	1,579	7,195	713	4,203	2,290
	<u>133,251</u>	<u>25,566</u>	<u>12,123</u>	<u>7,802</u>	<u>27,340</u>	<u>25,092</u>	<u>63,556</u>	<u>22,077</u>	<u>29,362</u>	<u>2,796</u>
Surplus (deficit) from program activities	(9,346)	(1,261)	(5,728)	467	8,137	2,155	(1,434)	11,266	2,092	1,163
Board approved in-year transfer	(3,000)***	-	-	-	-	-	-	-	-	-
Operating surplus/(deficit), -beginning of year	<u>(5,275)</u> **	<u>-</u>	<u>8,459</u>	<u>6,570</u>	<u>564</u>	<u>30,963</u>	<u>3,767</u>	<u>9,527</u>	<u>22,025</u>	<u>-</u>
Operating surplus/(deficit), end of year	\$ (14,621)	\$ (4,261)	\$ 2,731	\$ 7,037	\$ 8,701	\$ 33,118	\$ 2,333	\$ 20,793	\$ 24,117	\$ -
Board approved transfers/subsidies	<u>9,346</u>	<u>7,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating surplus/(deficit), post-transfer	\$ (5,275)**	\$ 3,000***	\$ 2,731*	\$ 7,037*	\$ 8,701*	\$ 33,118*	\$ 2,333	\$ 20,793*	\$ 24,117*	\$ -

\* Restricted program funds total \$101,107 including end of year surplus of HAIG Drop-In, Seniors, Perinatal, Therapeutic Play, SPACE Project, Teen and After School Programs.

\*\* The deficit shown for the Applegrove Drop-in is accrued vacation leave for relevant staff.

\*\*\*The Board approved a fundraising campaign in 2011 to cover Edgewood's rent from Sep 2011 to Jun 2012. This \$3,000 is from funds raised in 2011 and transferred to a 2012 reserve for rent expense.