



Financial Statements

**Board of Management for the Cecil Street
Community Centre**

December 31, 2011

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Independent Auditor's Report

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To the Council of the Corporation of the
City of Toronto, Board of Management for the Cecil Street Community Centre

We have audited the accompanying financial statements of the **Board of Management for the Cecil Street Community Centre** 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 Centre 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 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 Cecil Street Community Centre** 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
March 29, 2012

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Board of Management for the Cecil Street Community Centre Statement of Operations

Year Ended December 31	2011	2010
Program revenue		
City of Toronto grants	\$ 17,075	\$ 37,915
Federal grant	5,560	5,217
Provincial grant	-	2,547
Early Years Centre (purchase of service)	<u>20,741</u>	<u>21,718</u>
	43,376	67,397
Rentals	23,528	22,080
Fundraising	9,660	14,057
Program fees	10,862	15,241
Interest	1,607	1,372
Other income	947	859
Donations	<u>5,066</u>	<u>2,094</u>
	95,046	123,100
Program expenditures		
Salaries and wages	64,747	86,247
Employee benefits	6,957	8,854
Materials and supplies	9,807	13,097
Purchase of services	<u>11,019</u>	<u>13,646</u>
	92,530	121,844
Program surplus	<u>2,516</u>	<u>1,256</u>
Administration expenditures		
Salaries and wages	467,952	452,106
Employee benefits	113,185	100,733
Materials and supplies	34,055	36,848
Purchase of services	70,951	80,201
Amortization of administration assets	1,047	1,047
Amortization of deferred capital contribution	<u>(1,047)</u>	<u>(1,047)</u>
	686,143	669,888
Funds provided by City of Toronto		
Administration (Note 6)	<u>686,143</u>	<u>669,888</u>
Surplus of revenues over expenditures	\$ 2,516	\$ 1,256

See accompanying notes to the financial statements.

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

Year Ended December 31, 2011

	Board Designated <u>Reserve</u>	<u>Unrestricted</u>	Total 2011	Total 2010
Net assets, beginning of year	\$ 45,100	\$ 9,014	\$ 54,114	\$ 52,858
Surplus of revenue over expenditure	<u>-</u>	<u>2,516</u>	<u>2,516</u>	<u>1,256</u>
Net assets, end of year	\$ <u>45,100</u>	\$ <u>11,530</u>	\$ <u>56,630</u>	\$ <u>54,114</u>

See accompanying notes to the financial statements.

Board of Management for the Cecil Street Community Centre Statement of Financial Position

December 31

2011

2010

Assets

Current

Cash and short term investments	\$ 143,995	\$ 136,354
Receivables - City of Toronto (vacation pay)	7,587	8,559
- Other	7,090	7,699
Prepaid expenses	<u>2,273</u>	<u>1,967</u>
	160,945	154,579

Long term

Receivable - City of Toronto (Note 3)	161,974	160,112
Capital assets (Note 4)	<u>1,047</u>	<u>2,094</u>
	\$ 323,966	\$ 316,785

Liabilities

Current

Payables and accruals - City of Toronto	\$ 6,267	\$ 5,976
- Other	<u>91,518</u>	<u>85,738</u>
	97,785	91,714

Deferred revenue	6,530	8,751
Deferred capital contribution from the City of Toronto	<u>1,047</u>	<u>2,094</u>
	105,362	102,559

Long term

Employee benefits payable (Note 3)	<u>161,974</u>	<u>160,112</u>
	267,336	262,671

Net Assets

Board designated reserve (Note 5)	45,100	45,100
Unrestricted surplus	<u>11,530</u>	<u>9,014</u>
	56,630	54,114
	\$ 323,966	\$ 316,785

Approved on behalf of the Board of Management


_____ Chair


_____ Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Cecil Street Community Centre
Statement of Cash Flows**

Year Ended December 31

2011

2010

Increase (decrease) in cash and short term investments

Operating activities

Surplus of revenue over expenditure	\$ 2,516	\$ 1,256
Deferred capital contribution	(1,047)	(1,047)
Amortization of capital assets (administration)	<u>1,047</u>	<u>1,047</u>
	2,516	1,256
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	971	2,207
- Other	609	(3,286)
Prepays	(306)	(1,271)
Payables - City of Toronto	292	5,910
- Other	5,780	(473)
Deferred revenue	(2,221)	3,141
Long term employee benefits payable	1,861	441
Long term City of Toronto account receivable	<u>(1,861)</u>	<u>(441)</u>
Net increase in cash and short term investments	7,641	7,494
Cash and short term investments, beginning of year	<u>136,354</u>	<u>128,870</u>
Cash and short term investments, end of year	\$ <u>143,995</u>	\$ <u>136,354</u>

See accompanying notes to the financial statements.

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2011

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, Community and Recreation Centre of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established the premises at No. 58 Cecil Street, Toronto, as a community centre under the authority of the Municipal Act, known as Cecil Street 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 (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.

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:

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

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2011

2. Significant accounting policies (continued)

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 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.

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 series. 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 Cecil Street Community Centre Notes to the Financial Statements

December 31, 2011

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

The Centre also provides health, dental, 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. The actuarial valuation has resulted in an actuarial loss of \$10,771 which is being amortized over 16 years.

Information about the Centre'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	\$ 42,446	\$ 40,285
Post-retirement benefits	<u>130,299</u>	<u>118,996</u>
	172,745	159,281
Add: Unamortized actuarial gain	<u>(10,771)</u>	<u>831</u>
Employee benefit liability	\$ <u>161,974</u>	\$ <u>160,112</u>

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

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 160,112	\$ 159,672
Current service cost	1,289	1,064
Interest cost	7,950	8,326
Amortization of actuarial loss (gain)	673	(196)
Expected benefits paid	<u>(8,050)</u>	<u>(8,753)</u>
Balance, end of year	\$ <u>161,974</u>	\$ <u>160,112</u>

Board of Management for the Cecil Street Community Centre Notes to the Financial Statements

December 31, 2011

3. Employee benefits (continued)

Expenditures in 2011 relating to employee benefits are included as administration expenses on the Statement of Revenue and Expenses and include the following components:

	<u>2011</u>	<u>2010</u>
Current service cost	\$ 1,289	\$ 1,064
Interest cost	7,950	8,326
Amortization of actuarial (gain) loss	673	(196)
Less: Expected benefits paid	<u>(8,050)</u>	<u>(8,753)</u>
Total expenditures related to post-retirement and post-employment benefits	<u>\$ 1,862</u>	<u>\$ 441</u>

A long term receivable from the City of Toronto has resulted from the recording of administration staff benefit 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 administration 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. This 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 \$35,035 in 2011 (2010 - \$29,529).

4. Capital assets

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computers	\$ 5,685	\$ 5,685	\$ -	\$ -
Furniture and equipment	<u>23,084</u>	<u>22,037</u>	<u>1,047</u>	<u>2,094</u>
	<u>\$ 28,769</u>	<u>\$ 27,722</u>	<u>\$ 1,047</u>	<u>\$ 2,094</u>

5. Board Designated Reserve

In 1992, the Board created a reserve for the establishment of new and expanded programs in future years.

**Board of Management for the
Cecil Street Community Centre
Notes to the Financial Statements**

December 31, 2011

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

	<u>2011</u>	<u>2010</u>
Budgeted administration expenditure:		
Centre's approved budget for 2011 administration expenses was		
Salaries and benefits	\$ 575,443	\$ 561,490
Materials and supplies	44,600	44,100
Purchase of services	<u>65,643</u>	<u>68,720</u>
	<u>685,686</u>	<u>674,310</u>
Actual administration expenditure:		
Centre's actual administration expenses were	686,143	669,888
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(1,862)</u>	<u>(441)</u>
	<u>684,281</u>	<u>669,447</u>
Administration expenditure under approved budget	\$ <u>1,405</u>	\$ <u>4,863</u>

The under expenditure of \$1,405 (2010 - \$4,863) is included in accounts payable to the City of Toronto.