



Financial Statements

Board of Management for Community Centre 55

December 31, 2011

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Grant Thornton

Independent Auditor's Report

To the Council of the Corporation of the

City of Toronto and the Board of Management for Community Centre 55

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We have audited the accompanying financial statements of the **Board of Management for Community Centre 55** which comprise the statement of financial position as at December 31, 2011, 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 Community Centre 55** 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 10, 2012



Chartered Accountants
Licensed Public Accountants

Board of Management for Community Centre 55

Statement of financial position

December 31 2011 2010

Assets

Current

Cash and short term investments	\$ 493,372	\$ 425,281
Receivables		
City of Toronto	1,944	1,036
City of Toronto (deficit)	-	7,528
Other	<u>43,870</u>	<u>24,726</u>
	539,186	458,571

Long term

Receivable - City of Toronto (Note 4)	198,302	182,272
Capital assets (Note 5)	<u>10,224</u>	<u>15,335</u>
	\$ 747,712	\$ 656,178

Liabilities

Current

Payables		
City of Toronto (surplus)	\$ 869	\$ 5,900
City of Toronto	3,760	9,128
Other	<u>41,757</u>	<u>81,494</u>
	46,386	96,522

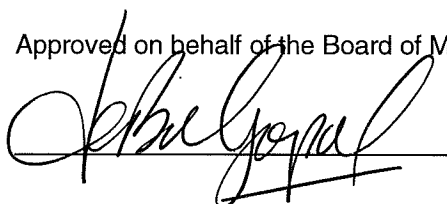
Long term

Employee benefits payable (Note 4)	<u>198,302</u>	<u>182,272</u>
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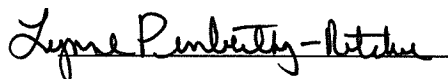
Net Assets

Restricted fund – Share Christmas (Note 6)	40,000	-
Unrestricted program funds	<u>463,024</u>	<u>377,384</u>
	503,024	377,384
	\$ 747,712	\$ 656,178

Approved on behalf of the Board of Management



Chair



Treasurer

See accompanying notes to the financial statements.

Board of Management for Community Centre 55

Statement of changes in net assets

Year ended December 31

	Restricted Fund (Share Christmas)	2011 Unrestricted program funds	Total 2011	<u>2010</u>
Net assets, beginning of year	\$ -	\$ 377,384	\$ 377,384	\$ 394,508
Excess of revenue over expenditures (expenditures over revenues)	-	125,640	125,640	(17,124)
Interfund transfers	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>40,000</u>	\$ <u>463,024</u>	\$ <u>503,024</u>	\$ <u>377,384</u>

See accompanying notes to the financial statements.

Board of Management for Community Centre 55

Statement of operations

Year ended December 31

2011

2010

Program revenue		
Grants		
Government of Canada	\$ 13,129	\$ 16,432
Province of Ontario	35,117	32,781
City of Toronto	<u>33,774</u>	<u>35,178</u>
	82,020	84,391
Donations and fundraising	147,718	130,675
Program fees	872,445	748,087
Interest	1,539	1,367
Other income	18,513	10,836
Other income – City of Toronto (COLA) (Note 6)	-	4,225
	<u>1,122,235</u>	<u>979,581</u>
Program expenditures		
Salaries and wages	635,227	602,042
Employee benefits	103,767	95,454
Materials and supplies	131,752	161,390
Purchase of services	120,738	132,707
Amortization of program assets	5,111	5,112
	<u>996,595</u>	<u>996,705</u>
Excess of revenue over expenditures (expenditures over revenues) - Program	<u>125,640</u>	<u>(17,124)</u>
Administration expenditures		
Salaries and wages	484,620	533,639
Employee benefits	126,112	128,736
Materials and supplies	90,335	29,742
Purchase of services	44,523	86,145
	<u>745,590</u>	<u>778,262</u>
Recoveries and other revenue	<u>(11,690)</u>	<u>(6,917)</u>
	733,900	771,345
Funds provided by City of Toronto Administration (Note 6)	<u>733,900</u>	<u>771,345</u>
Excess of revenue over expenditures - Administration	-	-
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ 125,640</u>	<u>\$ (17,124)</u>

See accompanying notes to the financial statements.

Board of Management for Community Centre 55

Statement of cash flows

Year ended December 31

2011

2010

Increase (decrease) in cash and short term investments

Operating activities		
Excess of revenue over expenditures (expenditures over revenues)	\$ 125,640	\$ (17,124)
Amortization	<u>5,111</u>	<u>5,112</u>
	130,751	(12,012)
Increase (decrease) resulting in changes in:		
Receivables		
City of Toronto	6,620	(2,822)
Other	(19,144)	(347)
Payables		
City of Toronto	(10,399)	15,028
Other	(39,737)	20,395
Long term receivable - City of Toronto	(16,030)	(17,262)
Long term employee benefits payable	<u>16,030</u>	<u>17,262</u>
Net increase in cash and short term investments	68,091	20,242
Cash and short term investments, beginning of year	<u>425,281</u>	<u>405,039</u>
Cash and short term investments, end of year	\$ 493,372	\$ 425,281

See accompanying notes to the financial statements.

Board of Management for Community Centre 55

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 of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established part of the premises at 97 Main Street, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Community Centre 55 (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.

2. Financial Statements

The Municipal Code requires that audited financial statements be submitted by the Board of Management for Community Centre 55 to the City covering the management and control of the premises by the Board. However, the revenue and expense from programs include the operations of Ontario Corporation Number 0310527, incorporated without share capital under the name Community Centre 55, a registered charitable organization. Separate financial statements have not been prepared for this organization. Accordingly, the financial statements reflect the operations of the Board of Management and the charitable organization as a whole.

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

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.

Board of Management for Community Centre 55

Notes to the financial statements

December 31, 2011

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:

Furniture, fixtures and equipment	- 5 years straight-line
Automobile	- 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. In addition services such as rent and computer lease costs, provided without charge by the City, are not reported.

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 judgment 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. 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 Community Centre 55

Notes to the financial statements

December 31, 2011

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. Under the sick leave plan for management staff with 10 years of service as of April 1, 2003, unused sick leave accumulates and employees are 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 upon termination, retirement or death.

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 10 years of services as of April 1, 2003) and for those who qualify, with 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 during 2010 and has been extrapolated to provide the accrued benefit obligation as of December 31, 2011. The actuarial valuation has resulted in an actuarial loss of \$36,284 in 2010 and an actuarial loss of \$28,342 in 2011, 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 the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2011</u>	<u>2010</u>
Sick leave benefit plan	\$ 131,347	\$ 125,016
Post-retirement benefits	156,691	133,505
Continuation of benefits to disabled employees	89,666	93,456
Income benefits	<u>161,840</u>	<u>174,913</u>
	539,544	526,890
Deduct: Unamortized actuarial loss	<u>(341,242)</u>	<u>(344,618)</u>
Employee benefit liability	<u>\$ 198,302</u>	<u>\$ 182,272</u>

The continuity of the accrued benefit obligation during 2011 is as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 182,272	\$ 165,010
Current service cost	4,841	7,949
Interest cost	24,293	23,471
Amortization of actuarial loss	31,718	30,029
Expected benefits paid	<u>(44,822)</u>	<u>(44,187)</u>
Balance, end of year	<u>\$ 198,302</u>	<u>\$ 182,272</u>

Board of Management for Community Centre 55

Notes to the financial statements

December 31, 2011

4. Employee benefits (continued)

Expenditures in 2011 relating to post-retirement and post-employment benefits are included as administration expenses on the Statement of Revenue and Expenditure and include the following components:

	<u>2011</u>		<u>2010</u>
Current service cost	\$ 4,841	\$	7,949
Interest cost	24,293		23,471
Amortization of actuarial loss	31,718		30,029
Less: Expected benefits paid	<u>(44,822)</u>		<u>(44,187)</u>
 Total expenditures related to post-retirement and post-employment benefits	 \$ <u>16,030</u>	 \$	 <u>17,262</u>

A long term receivable has resulted from recording sick leave and post retirement benefits for administration staff benefit. 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.

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. The contributions for fiscal year 2011 totalled \$40,321 (2010 - \$39,605).

5. Capital assets

		<u>2011</u>		<u>2010</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Program				
Furniture, fixtures and equipment	\$ 1,423	\$ 711	\$ 712	\$ 1,067
Automobile	<u>19,024</u>	<u>9,512</u>	<u>9,512</u>	<u>14,268</u>
	<u>\$ 20,447</u>	<u>\$ 10,223</u>	<u>\$ 10,224</u>	<u>\$ 15,335</u>

6. Restricted Fund Share Christmas

At year end, the Board created a reserve fund to record funds designated for the Share Christmas program which were not distributed in 2011.

Board of Management for Community Centre 55

Notes to the financial statements

December 31, 2011

7. Funds provided - administration

Funding for administration expenditures 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 to be funded by the Centre unless Council approval has been obtained for additional funding.

	<u>2011</u>	<u>2010</u>
Budgeted administration expenditures:		
Centre's approved budget for administration expense was:		
Interim administration budget	\$ 718,739	\$ 755,920
Retroactive COTAPSAI	<u>-</u>	<u>4,063</u>
	<u>718,739</u>	<u>759,983</u>
Actual administration expenditure:		
Centre's actual administration expense was	733,900	771,345
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(16,030)</u>	<u>(17,262)</u>
	<u>717,870</u>	<u>754,083</u>
Administration expenditure under approved budget	\$ <u>869</u>	\$ <u>5,900</u>

The under expenditure of \$869 (2010 – 5,900) is included in the payable to the City of Toronto (surplus).