



Financial Statements

**Central Eglinton 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 and the Board of Management for the  
Central Eglinton Community Centre

We have audited the accompanying financial statements of Central Eglinton Community Centre, which comprise the statement of financial position as at December 31, 2011, the statements of operations, changes in net assets, and 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 donations, surplus, 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 the financial position of Central Eglinton 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 27, 2012

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

**Board of Management for the  
Central Eglinton Community Centre  
Statement of Financial Position**

December 31 2011 2010

**Assets**

Current

Cash and short term investments (Note 3)	\$ 338,314	\$ 272,707
Receivables - City of Toronto	29,996	31,035
- Other	<u>6,048</u>	<u>7,673</u>
	<b>374,358</b>	<b>311,415</b>

Long term

Receivable - City of Toronto (Note 4)	<u>161,047</u>	<u>157,790</u>
	<b>\$ 535,405</b>	<b>\$ 469,205</b>

**Liabilities**

Current

Payables and accruals - City of Toronto	\$ 9,699	\$ 9,699
- Other	73,377	59,203
Deferred revenue	<u>19,837</u>	<u>18,010</u>
	<b>102,913</b>	<b>86,912</b>

Long term

Employee benefits payable (Note 4)	<u>161,047</u>	<u>157,790</u>
	<b>263,960</b>	<b>244,702</b>

**Net Assets**

Program funds - Internally restricted	\$ 42,175	\$ 42,175
- Unrestricted	<u>229,270</u>	<u>182,328</u>
	<b>271,445</b>	<b>224,503</b>
	<b>\$ 535,405</b>	<b>\$ 469,205</b>

Approved on behalf of the Board of Management

Susanne Innes Chair

A. Bourgeois Treasurer

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**Board of Management for the  
Central Eglinton Community Centre  
Statement of Changes in Net Assets**

Year Ended December 31, 2011

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	<u>Unrestricted</u>	<u>Restricted</u>	<b><u>Total 2011</u></b>	<u>Total 2010</u>
Net assets, beginning of year	\$ 182,328	\$ 42,175	\$ <b>224,503</b>	\$ 214,915
Surplus	\$ <u>46,942</u>	<u>-</u>	<b><u>46,942</u></b>	<u>9,588</u>
Net assets, end of year	\$ <u>229,270</u>	\$ <u>42,175</u>	\$ <b><u>271,445</u></b>	\$ <u>224,503</u>

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See accompanying notes to the financial statements.

# Board of Management for the Central Eglinton Community Centre Statement of Operations

Year Ended December 31	2011	2010
<b>Parent/Child program revenue</b>		
Grants (Note 7)	\$ 28,185	\$ 32,412
Program and membership fees	78,861	70,451
Membership fees	<u>14,050</u>	<u>14,940</u>
	<u>121,096</u>	<u>117,803</u>
<b>Parent/Child program expenditures</b>		
Salaries and wages	79,573	84,839
Employee benefits	14,826	17,505
Materials and supplies	2,499	3,387
Purchase of services	<u>15,352</u>	<u>10,425</u>
	<u>112,250</u>	<u>116,156</u>
<b>Surplus - Parent/Child program</b>	<u>8,846</u>	<u>1,647</u>
<b>Summer Camp program revenue</b>		
Grants (Note 7)	15,242	15,331
Program and membership fees	43,929	40,046
Membership fees	2,195	2,985
Fundraising	<u>7,500</u>	<u>4,500</u>
	<u>68,866</u>	<u>62,862</u>
<b>Summer Camp program expenditures</b>		
Salaries and wages	47,059	48,669
Employee benefits	3,465	4,032
Materials and supplies	7,400	5,238
Purchase of services	<u>2,871</u>	<u>3,790</u>
	<u>60,795</u>	<u>61,729</u>
<b>Surplus – Summer Camp program</b>	<u>8,071</u>	<u>1,133</u>
<b>Other programs revenue</b>		
Grants (Note 7)	49,975	58,249
Program and membership fees	55,380	50,626
Membership fees	3,695	3,885
Fundraising and donations	24,012	26,463
Rental fees	3,837	1,512
Other	<u>3,042</u>	<u>2,269</u>
	<u>139,941</u>	<u>143,004</u>
<b>Other programs expenditures</b>		
Salaries and wages	65,282	79,161
Employee benefits	6,560	13,279
Materials and supplies	9,372	17,210
Purchase of services	<u>28,702</u>	<u>26,546</u>
	<u>109,916</u>	<u>136,196</u>
<b>Surplus - Other programs</b>	<u>30,025</u>	<u>6,808</u>
<b>Funds provided by City of Toronto</b>		
Administration (Note 6)	<u>609,138</u>	<u>593,478</u>
<b>Administration expenditures</b>		
Salaries and wages	441,746	416,844
Employee benefits	102,408	93,132
Materials and supplies	19,373	33,088
Purchase of services	<u>45,611</u>	<u>50,414</u>
	<u>609,138</u>	<u>593,478</u>
<b>Surplus</b>	<u>\$ 46,942</u>	<u>\$ 9,588</u>

See accompanying notes to the financial statements.

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**Board of Management for the  
Central Eglinton Community Centre  
Statement of Cash Flows**

Year Ended December 31 2011 2010

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Increase (decrease) in cash and short term investments

<b>Operating activities</b>		
Program surplus	\$ 46,942	\$ 9,588
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	1,039	(3,940)
- Other	1,625	(4,568)
Payables - City of Toronto	-	(7,724)
- Other	14,174	(34,507)
Long term account receivable - City of Toronto	(3,257)	(4,544)
Deferred revenue	1,827	6,150
Long term employee benefits payable	<u>3,257</u>	<u>4,544</u>
Net increase (decrease) in cash and short term investments	65,607	(35,001)
Cash and short term investments, beginning of year	<u>272,707</u>	<u>307,708</u>
Cash and short term investments, end of year	\$ <u>338,314</u>	\$ <u>272,707</u>

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See accompanying notes to the financial statements.



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# **Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements**

December 31, 2011

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## **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 160 Eglinton Avenue East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Central Eglinton 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.

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## **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.

### **Accrual basis of accounting**

Revenues and expenses are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred, respectively, whether or not such transactions have been finally settled by the receipt or payment of money. In the year, gross revenues from all sources totalled \$ 940,969 (2010 - \$912,603) and total expenses charged against all funds totalled \$ 894,027 (2010 - \$903,015).

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# Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2011

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## 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:

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. 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 GNPOs which are effective for fiscal years beginning on or after January 1, 2012. GNPOs 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 has commenced assessing the impact of these new standards and does not expect them to have a significant impact on the financial statements.

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## Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2011

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### 3. Cash and short term investments

Cash and short term investments include \$ 42,175 (2010 - \$42,175) specifically reserved for expenditures relating to the 50+ Program only.

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### 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 management staff with ten years of service as of July 1, 2008, unused sick leave accumulates and eligible 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 the employee upon termination, retirement or death. The Centre also provides health, dental, accidental death and disability, life insurance and long term disability benefits to eligible employees. Depending upon length of service and an individual's 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 in 2002 of \$6,600, in 2006 a gain of \$79,765, a loss in 2009 of \$46,947, and a loss in 2010 of \$1,350 which are being amortized on a straight-line basis over 15 years, 12.8 years, 16 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>2011</u>	<u>2010</u>
Sick leave benefit plan	\$ 61,525	\$ 60,262
Post-retirement benefits	<u>118,700</u>	<u>102,102</u>
	<b>180,225</b>	162,364
Add: Unamortized actuarial (loss)	<u>(19,178)</u>	<u>(4,574)</u>
Employee benefit liability	<b>\$ <u>161,047</u></b>	<b>\$ <u>157,790</u></b>

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

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 157,790	\$ 153,246
Current service cost	1,357	1,144
Interest cost	8,187	8,363
Amortization of actuarial loss	(1,899)	(2,773)
Expected benefits paid	<u>(4,388)</u>	<u>(2,190)</u>
Balance, end of year	<b>\$ <u>161,047</u></b>	<b>\$ <u>157,790</u></b>

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## Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2011

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### 4. Employee benefits (continued)

Expenditures in 2011 relating to employee benefits amounting to \$ 3,257 (2010 - \$ 4,544) are included in administrative employee benefit expenses on the Statement of Revenue and Expenditure and include the following components:

	<u>2011</u>	<u>2010</u>
Current service cost	\$ 1,357	\$ 1,144
Interest cost	8,187	8,363
Amortization of actuarial loss	(1,899)	(2,773)
Expected benefits paid	<u>(4,388)</u>	<u>(2,190)</u>
 Total expenditures related to post-retirement and Post-employment benefits	 <u>\$ 3,257</u>	 <u>\$ 4,544</u>

A long term receivable of \$ 161,047 (2010 - \$157,790) has resulted from recording sick leave and post retirement benefits for management staff. Funding for these costs are 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 Centre.

The Centre also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of management and union employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$ 36,883 in 2011 (2010 - \$ 36,791).

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### 5. Lease Commitments

The Centre has entered into agreements to lease office equipment which expire in 2014. Minimum amounts payable for the office equipment, in aggregate for each of the next three years are as follows:

2012	\$ 9,305
2013	9,305
2014	294

# Board of Management for the Central Eglinton Community Centre Notes to the Financial Statements

December 31, 2011

## 6. Funds provided by the City of Toronto - administration

Funding for administration expense is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits are normally funded by the City after approval has been obtained.

	<u>2011</u>	<u>2010</u>
<b>Budgeted administration expenditure:</b>		
Centre's approved budget for administration expense was:		
Interim administration budget	\$ 605,890	589,320
Retroactive administration salary and benefits (COLA)	-	4,360
	<u>605,890</u>	<u>593,680</u>
<b>Actual administration expenditure:</b>		
Centre's actual 2011 administration expense was	609,138	589,118
Add: Retroactive administration salary and benefits (COLA)	-	4,360
Deduct: Post retirement benefits, not funded by the City until Paid, that is included in long term accounts Receivable - City of Toronto	<u>(3,257)</u>	<u>(4,544)</u>
	<u>605,881</u>	<u>588,934</u>
Administration expenditure under approved budget	\$ <u>9</u>	\$ <u>4,746</u>

The under expenditure of \$ 9 (2010 - \$ 4,746) is included in the accounts payable to the City of Toronto.

## 7. Detail of grant revenue

	<u>2011</u>	<u>2010</u>
<b>Parent/Child program</b>		
Grants		
Government of Canada	\$ 2,153	\$ 2,224
City of Toronto	<u>26,032</u>	<u>30,188</u>
	<u>\$ 28,185</u>	<u>\$ 32,412</u>
<b>Summer Camp program</b>		
Grants		
Government of Canada	\$ 4,305	\$ 4,448
Province of Ontario	2,998	2,944
City of Toronto	<u>7,939</u>	<u>7,939</u>
	<u>\$ 15,242</u>	<u>\$ 15,331</u>
<b>Other program</b>		
Grants		
Government of Canada	\$ -	\$ 2,225
Province of Ontario - EPC	25,400	25,400
City of Toronto	<u>24,575</u>	<u>30,624</u>
	<u>\$ 49,975</u>	<u>\$ 58,249</u>

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**Board of Management for the  
Central Eglinton Community Centre  
Notes to the Financial Statements**

December 31, 2011

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**8. Financial instruments**

**Fair value of financial instruments**

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.