



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

Eastview Neighbourhood Community Centre

December 31, 2011

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 14



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 (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

To the Council of the Corporation of the
City of Toronto and the Board of Management for the
Eastview Neighbourhood Community Centre

We have audited the accompanying financial statements of the **Board of Management for the Eastview Neighbourhood Community Centre** 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 the Eastview Neighbourhood 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
April 16, 2012

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Board of Management for the Eastview Neighbourhood Community Centre Statement of Financial Position

December 31 2011 2010

Assets

Current		
Cash	\$ 114,080	\$ 79,976
Short term investments	270,205	266,108
Receivables - City of Toronto	12,552	14,648
- Other	<u>5,962</u>	<u>3,944</u>
	402,799	364,676
Long term		
Receivable - City of Toronto (Note 5)	120,798	136,362
Capital assets (Note 6)	17,310	24,340
Lottery Trust Account (Note 7)	49,270	48,809
Bursary Trust Account (Note 8)	<u>5,121</u>	<u>6,376</u>
	\$ 595,298	\$ 580,563

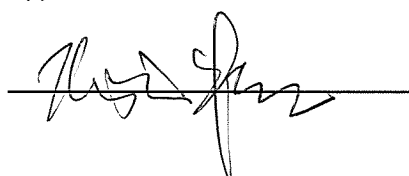
Liabilities

Current		
Payables and accruals - City of Toronto	\$ 343	\$ 311
- Other	<u>107,892</u>	<u>71,657</u>
	108,235	71,968
Deferred revenue	<u>93,099</u>	<u>94,453</u>
	201,334	166,421
Long term		
Deferred capital contribution (Note 14)	17,310	24,340
Liability for employee benefit obligations (Note 5)	120,798	136,362
Lottery trust account (Note 7)	49,270	48,809
Bursary trust account (Note 8)	<u>5,121</u>	<u>6,376</u>
	<u>393,833</u>	<u>382,308</u>

Net Assets

Invested in capital assets	17,310	24,340
Unrestricted	45,795	36,660
Board designated reserve (Note 10)	<u>138,360</u>	<u>137,255</u>
	<u>201,465</u>	<u>198,255</u>
	\$ 595,298	\$ 580,563

Approved on behalf of the Board of Management

 Chair

 Vice Chair

See accompanying notes to the financial statements.

**Board of Management for the
Eastview Neighbourhood Community Centre
Statement of Changes in Net Assets**

Year Ended December 31, 2011

	<u>Invested in Capital assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total 2011</u>	<u>Total 2010</u>
Net assets, beginning of year	\$ 24,340	\$137,255	\$36,660	\$198,255	\$176,803
Excess of revenue over expenses	-	-	3,210	3,210	21,452
Transfers (Note 10)	-	1,105	(1,105)	-	-
Change in net assets invested in capital assets	<u>(7,030)</u>	<u>-</u>	<u>7,030</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 17,310</u>	<u>\$138,360</u>	<u>\$ 45,795</u>	<u>\$ 201,465</u>	<u>\$198,255</u>

See accompanying notes to the financial statements.

Board of Management for the Eastview Neighbourhood Community Centre Statement of Operations

Year Ended December 31, 2011

	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Program revenue		
Grants		
United Way	\$ 356,899	\$ 348,485
City of Toronto (Note 14)	195,428	194,420
Province of Ontario (Note 14)	97,837	104,745
Government of Canada	90,588	81,889
Foundations (Note 14)	<u>42,328</u>	<u>56,060</u>
	783,080	785,599
Donations	44,183	46,160
Funds from Massey Centre	20,463	16,192
Fundraising	32,261	32,679
Program fees	47,342	41,748
Memberships	5,347	5,710
Miscellaneous income	<u>4,097</u>	<u>3,649</u>
	<u>936,773</u>	<u>931,737</u>
Program expenditures		
Salaries and wages	605,114	602,609
Employee benefits	144,061	141,196
Materials and supplies	116,003	97,289
Purchase of services	61,355	62,161
Amortization of program assets	<u>7,030</u>	<u>7,030</u>
	<u>933,563</u>	<u>910,285</u>
Excess of revenue over expenses - program	<u>3,210</u>	<u>21,452</u>
Administration expenditures		
Salaries and wages	430,905	389,000
Employee benefits	93,981	86,940
Materials and supplies	21,823	20,963
Purchase of services	<u>32,441</u>	<u>34,555</u>
	<u>579,150</u>	<u>531,458</u>
Funds provided by City of Toronto		
Administration (Note 9)	<u>579,150</u>	<u>531,458</u>
Excess of revenue over expenses	\$ <u>3,210</u>	\$ <u>21,452</u>

See accompanying notes to the financial statements.

Board of Management for the Eastview Neighbourhood Community Centre Statement of Cash Flows

Year Ended December 31	2011	2010
Increase (decrease) in cash and short term investments		
Operating activities		
Excess of revenue over expenses	\$ 3,210	\$ 21,452
Non-cash items		
Amortization of capital assets	<u>7,030</u>	<u>7,030</u>
	10,240	28,482
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	2,096	(8,986)
- Other	(2,018)	(1,629)
Prepays	-	1,857
Payables - City of Toronto	32	296
- Other	36,235	(23,568)
Deferred revenue	(1,354)	(8,539)
Deferred capital contribution	(7,030)	9,220
Liability for long term employee benefit obligations	(15,564)	(15,228)
Long term City of Toronto account receivable	<u>15,564</u>	<u>15,228</u>
	38,201	(2,867)
Investing Activities		
Purchase of capital assets	<u>-</u>	<u>(16,250)</u>
Net increase in cash and short term investments	38,201	(19,117)
Cash and short term investments, beginning of year	<u>346,084</u>	<u>365,201</u>
Cash and short term investments, end of year	\$ <u>384,285</u>	\$ <u>346,084</u>

See accompanying notes to the financial statements.

Board of Management for the Eastview Neighbourhood 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 Centres of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established the premises at 86 Blake Street, Toronto, as a community centre under the authority of the Municipal Act, known as Eastview Neighbourhood Community Centre (the "Centre"). The authorities were reaffirmed by City Council with the new Relationship Framework document (approved 2006 09 25-27). Note that Chapter 25 will be updated and re-numbered in the new City of Toronto Act, as of 2007 01.

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 annual financial statements be submitted by the Board of Management for the Centre to the City covering the management and control of the premises by the Board. However, since the revenue and expenditure from programs include the operations of the East Toronto Family Community Centre, a registered charitable organization, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the East Toronto Family Community Centre as a whole, including the Eastview Neighbourhood Community Centre.

Board of Management for the Eastview Neighbourhood Community Centre 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

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

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 as provided by the most recent actuarial valuation. These estimates and assumptions are based on the Centre's best information and judgement and may change significantly with the next detailed evaluation.

Board of Management for the Eastview Neighbourhood Community Centre Notes to the Financial Statements

December 31, 2011

3. Significant accounting policies (continued)

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 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. The organization does not expect them to have a significant impact on the financial statements.

4. Short term investments

Short term investments include short term deposits with original maturities of twelve months or less.

Board of Management for the Eastview Neighbourhood Community Centre Notes to the Financial Statements

December 31, 2011

5. 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 accumulates and eligible employees may be entitled to a cash payment upon leaving 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. 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. Upon the effective date, individual sick banks were locked with no further accumulation. 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, accidental death & 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. The most recent actuarial valuation was completed in 2010, and provides the accrued benefit obligation as at December 31, 2011. The actuarial valuation has resulted in an actuarial loss of \$105,428 in 2011 which is being amortized on a straight-line basis over 15 years. The City has acknowledged inaccuracies in the information it provided to calculate long-term benefits for some individuals, and has stated an intention to correct this in 2011-2012. Therefore, the Board of Management cannot comment on the figures related to long-term benefits.

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	\$ 39,633	\$ 38,967
Income benefits	20,303	40,243
Continuation of benefits to disabled employees	10,484	20,022
Post-retirement benefits	<u>155,806</u>	<u>137,937</u>
	226,226	237,169
Less: Unamortized actuarial loss	<u>105,428</u>	<u>100,807</u>
Employee benefit liability	\$ <u>120,798</u>	\$ <u>136,362</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 136,362	\$ 151,590
Current service cost	1,329	1,238
Interest cost	10,850	12,655
Amortization of actuarial loss	9,707	8,633
Expected benefits paid	<u>(37,450)</u>	<u>(37,754)</u>
Balance, end of year	\$ <u>120,798</u>	\$ <u>136,362</u>

Board of Management for the Eastview Neighbourhood Community Centre Notes to the Financial Statements

December 31, 2011

5. Employee benefits (continued)

A long term receivable from the City has resulted from the recording of management 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 management staff that may be incurred by the Centre. This amount is not included as employee benefit expenses on the Statement of Revenue and Expenditure.

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 \$58,540 in 2011 (2010 - \$52,036).

6. 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>
Computers (administrative)	\$ 7,650	\$ 7,650	\$ -	\$ -
Furniture and equipment (program)	<u>92,989</u>	<u>75,679</u>	<u>17,310</u>	<u>24,340</u>
	<u>\$ 100,639</u>	<u>\$ 83,329</u>	<u>\$ 17,310</u>	<u>\$ 24,340</u>

7. Lottery Trust Account

In February 1998, the Centre introduced a program of licensed weekly bingo games to provide funding for charitable work with children, youth, seniors and families. At December 31, 2011 the surplus funds on hand amounted to \$ 49,270 (2010 - \$48,809). Revenues were provided to the Kennedy Road Bingo Sponsors Association for accounting and distribution to all member charities in equal amounts determined from the overall proceeds. The Centre's share of proceeds are distributed to the East Toronto Family Community Centre and are maintained in a separate bank account.

8. Bursary Trust Account

A special trust account to assist students in pursuing post secondary school education was created in 1982 by the senior citizens' group affiliated with the East Toronto Family Community Centre. The unexpended balance was \$5,121 (2010 - \$6,376) at December 31, 2011.

Board of Management for the Eastview Neighbourhood Community Centre Notes to the Financial Statements

December 31, 2011

9. Funds provided by City of Toronto - administration

Funding for administration expenses is provided by the City according to Council approved budgets. In December 2011, additional funding of \$27,383 was received to pay an administrative employee's voluntary separation. 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>Budget</u> <u>(Unaudited)</u>	<u>2011</u>	<u>2010</u>
Administration expenditure:			
Salaries and wages	\$ 388,955	\$ 430,905	\$ 389,000
Employee benefits	102,395	93,981	86,940
Materials and supplies	16,450	21,823	20,963
Purchase of services	<u>43,950</u>	<u>32,441</u>	<u>34,555</u>
	<u>\$ 551,750</u>	<u>579,150</u>	<u>531,458</u>
Actual administration revenue:			
Centre's actual administration revenue from City		551,814	530,220
Add: Employee's Voluntary Separation Payment		27,383	-
Add: Retroactive CUPE 2009 Cola		-	11,368
Less: Transfer portion of Retro Cola to Program		<u>-</u>	<u>(9,834)</u>
		<u>579,197</u>	<u>531,754</u>
Administration expenditure under approved budget		\$ <u>47</u>	\$ <u>296</u>

The under expenditure of \$47 (under expenditure in 2010 - \$296) is included in accounts payable to the City.

	<u>2011</u>	<u>2010</u>
10. Reserves		
Capital / Project Reserve	\$ 63,192	\$ 63,192
Administrative Contingency Reserve	<u>75,168</u>	<u>74,063</u>
	<u>\$ 138,360</u>	<u>\$ 137,255</u>

The Capital / Project Reserve is restricted to expenditures of a capital/project nature as approved by the Committee of Management/Board of Directors. The Administrative Contingency Reserve consists of Committee of Management/Board of Directors approved transfers of monies from the Centre's program surplus to provide a contingency fund for essential administrative costs. Interest earned on the reserve balance is recorded as program revenue.

Board of Management for the Eastview Neighbourhood Community Centre Notes to the Financial Statements

December 31, 2011

11. Perinatal and Nutrition Support Program

The Centre acts as trustee for the allocation of funds received from the Government of Canada to the five partners of the Toronto South East Coalition of Perinatal Nutrition and Support Programs. During 2011, the Centre received \$219,098 (2010 - \$210,929) from the Federal Government (funds of \$206,836 received in 2011 plus \$7,262 in the liability account carried forward and distributed in January, 2011). The allocation of funds to each partner is approved by the coalition.

The partners, including the Centre, were allocated the following amounts:

	<u>2011</u>	<u>2010</u>
Eastview Neighbourhood Community Centre	\$ 59,620	\$ 56,226
Regent Park Community Health Centre	47,022	43,752
June Callwood Centre for Women & Families	32,409	29,604
Hincks-Dellcrest Centre	39,521	40,351
Applegrove Community Complex	30,653	28,922
Staff costs shared	<u>9,873</u>	<u>4,812</u>
	<u>\$ 219,098</u>	<u>\$ 203,667</u>

During the year the Centre distributed \$219,098 (2010 - \$203,667) to the Coalition partners. The Centre, as a partner, records only its share of revenue and staff costs in these financial statements.

12. Operating line of credit

The Centre has a \$50,000 operating line of credit at prime plus .50%. As security, the Centre has granted a security interest in all personal property of the Centre as well as pledging a GIC with a value of \$50,000. The operating line of credit has a \$ nil balance at the year end.

13. 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.

Board of Management for the Eastview Neighbourhood Community Centre Notes to the Financial Statements

December 31, 2011

14. Grants

Included in Grants - Province of Ontario is a Newcomer Settlement Program (NSP) Grant for \$59,457 (2010 - \$59,138), including \$3,781 of the deferral of the capital asset contribution from 2009.

Included in Grants – Foundation – In 2010, the Centre received a grant from Boys & Girls Club Canada of \$16,250 for the purchase of capital assets. The contribution relating to the purchase of the program asset is being deferred and amortized over its 5 year life at \$3,250 per year (3 years remain at the year end).

Included in Grants - City - is \$93,748 from Children's Services to support Family Resource Centre (2010 - \$91,488) and \$7,530 (2010 - \$13,608) to support Summer Day Camp Program.