



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

**Board of Management for
the Scadding Court Community Centre**

December 31, 2011

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Grant Thornton

Independent Auditor's Report

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To the Council of the Corporation of the
Board of Management for the Scadding Court Community Centre

We have audited the accompanying financial statements of the **Board of Management for the Scadding Court Community Centre**, which comprise the statement of financial position as at December 31, 2011, statement of revenue and expenses 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Board of Management for the Scadding Court 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
Scadding Court Community Centre
Statement of Revenue and Expenses**

Year Ended December 31, 2011

	<u>2011 Budget</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
Administration			
Salaries and wages	\$ 635,759	\$ 639,589	\$ 644,255
Employee benefits	167,311	187,547	187,514
Materials and supplies	22,996	41,766	17,943
Purchase of services	59,196	35,942	47,616
Amortization of capital assets	-	4,243	5,372
Amortization of deferred capital contributions	-	(4,243)	(5,372)
	<u>885,262</u>	<u>904,844</u>	<u>897,328</u>
Funds provided by City of Toronto			
City funding – administration	885,262	904,844	897,028
HST credit	-	-	300
	<u>885,262</u>	<u>904,844</u>	<u>897,328</u>
Excess of revenue over expense	\$ _____ -	\$ _____ -	\$ _____ -

See accompanying notes to the financial statements.

Board of Management for the Scadding Court Community Centre Statement of Financial Position

December 31

2011

2010

Assets

Current

Cash	\$ 42,143	\$ 10,187
Receivables		
- City of Toronto (Note 6)	724	18,403
- City of Toronto - vacation pay	35,450	25,024
- Other	3,101	6,719
Prepays	<u>1,824</u>	<u>-</u>
	<u>83,242</u>	<u>60,333</u>

Long term

Receivable - City of Toronto (Note 4)	409,643	390,785
Capital assets (Note 5)	<u>3,294</u>	<u>7,537</u>
	<u>412,937</u>	<u>398,322</u>
	\$ <u>496,179</u>	\$ <u>458,655</u>

Liabilities

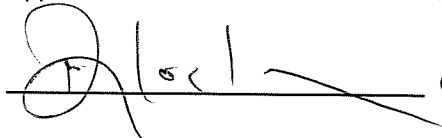
Current

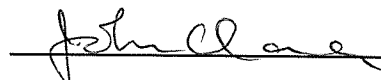
Payables		
- City of Toronto	\$ 855	\$ 855
- Scadding Court Community Centre, Inc.	5,457	3,955
- Vacation pay payable	35,450	25,024
- Other	<u>41,480</u>	<u>30,499</u>
	<u>83,242</u>	<u>60,333</u>

Long term

Deferred capital contributions	3,294	7,537
Employee benefits payable (Note 4)	<u>409,643</u>	<u>390,785</u>
	<u>412,937</u>	<u>398,322</u>
	\$ <u>496,179</u>	\$ <u>458,655</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

Board of Management for the Scadding Court Community Centre Statement of Cash Flows

Year Ended December 31 2011 2010

Increase (decrease) in cash

Operating activities		
Adjustment for non-cash items:		
Amortization of capital assets	\$ 4,243	\$ 5,372
Amortization of deferred capital contributions	(4,243)	(5,372)
Increase (decrease) resulting from changes in:		
Receivable - City of Toronto	17,679	7,187
- City of Toronto - Vacation pay	(10,426)	(8,470)
- Other	3,618	14,206
Prepaid expenses	(1,824)	2,466
Payables - City of Toronto	-	855
- Scadding Court Community Centre, Inc.	1,502	3,955
- Vacation pay payable	10,426	8,470
- Other	10,981	(18,822)
Long term account receivable - City of Toronto	(18,858)	(21,021)
Long term employee liabilities	<u>18,858</u>	<u>21,021</u>
Net increase in cash	31,956	9,847
Cash, beginning of year	<u>10,187</u>	<u>340</u>
Cash, end of year	\$ <u>42,143</u>	\$ <u>10,187</u>

See accompanying notes to the financial statements.

Board of Management for the Scadding Court 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 of the City of Toronto Municipal Code. Chapter 25 amended all previous By-laws and established part of the premises at 707 Dundas Street West, Toronto, as a community recreation centre under the Community Recreation Centres Act, known as Scadding Court Community Centre (the "Centre").

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 (City) any excess of administration expenditure funds provided by the City in accordance with its approved annual budget.

2. Financial statements

The Municipal Code required that the Committee of Management submit audited annual financial statements for the Centre to the City covering the management and control of the premises by the Committee. These financial statements reflect the operations of the Centre relating to administration expenditure funded by the City of Toronto. Effective January 1, 2002, separate financial records were established for Scadding Court Community Centre, Inc., a registered charitable organization, and separate financial statements are prepared for its revenue and expenditure from programs.

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. 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.

Board of Management for the Scadding Court Community Centre 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:

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. These estimates and assumptions are based on the Centre's best information and judgment 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 pro-rated 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. 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

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2011

3. Significant accounting policies (continued)

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 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 administration staff, unused sick leave can accumulate and employees may become 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 on terminating. 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 and 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 in 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 \$97,395 in 2002, a loss of \$269,069 in 2006, a gain of \$36,365 in 2009, a loss of \$11,882 in 2010, and a loss of \$40,301 in 2011. These actuarial gains/losses are being amortized on a straight-line basis over 15 years, 12.8 years, and for 16 years for gains/losses from 2009 to 2011. This is 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>
Post retirement benefits	\$ 189,319	\$ 151,904
Continuation of benefits to disabled employees	116,563	116,472
Income benefits	218,075	226,308
Sick leave benefit	<u>71,982</u>	<u>96,499</u>
	595,939	591,183
Add: Unrealized actuarial loss – Beginning of year	40,301	11,882
Less: Unamortized actuarial loss	<u>(226,597)</u>	<u>(212,280)</u>
Employee benefit liability	\$ <u>409,643</u>	\$ <u>390,785</u>

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2011

4. Employee benefits (continued)

The continuity of the accrued benefit obligation is as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 390,785	\$ 369,764
Opening balance adjustment		-
Current service cost	11,282	11,770
Interest cost	27,980	30,671
Amortization of actuarial loss	25,984	23,460
Expected benefits paid	<u>(46,388)</u>	<u>(44,880)</u>
Balance, end of year	\$ <u>409,643</u>	\$ <u>390,785</u>

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

	<u>2011</u>	<u>2010</u>
Current service cost	\$ 11,282	\$ 11,770
Interest cost	27,980	30,671
Amortization of actuarial loss	25,984	23,460
Less: benefits paid	<u>(46,388)</u>	<u>(44,880)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>18,858</u>	\$ <u>21,021</u>

A long term receivable from the City has resulted from recording of staff benefits 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 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. 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.

Board of Management for the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2011

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>
Computers	\$ 4,971	\$ 4,026	\$ 945	\$ 2,278
Furniture and equipment	<u>20,472</u>	<u>18,123</u>	<u>2,349</u>	<u>5,259</u>
	\$ <u>25,443</u>	\$ <u>22,149</u>	\$ <u>3,294</u>	\$ <u>7,537</u>

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 back to the City. Deficits, excluding those accruals for 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 expenditure:		
Centre's approved budget for 2011 administration expenses	\$ <u>885,262</u>	\$876,864
Actual administration expenditure:		
Centre's actual administration expenses were	904,844	897,330
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term account receivable - City of Toronto	(18,858)	(21,021)
HST Credit	-	(300)
Add: Acquisition of capital assets	<u>-</u>	<u>-</u>
	<u>885,986</u>	<u>876,009</u>
Administration expenditure (over) under approved budget	\$ <u>(724)</u>	\$ <u>855</u>

The over expenditure of \$724 (2010 - \$855 under expenditure) is included in receivables from (payables to) the City.

7. Financial Instruments

The Centre's estimate of the fair market value of financial instruments included in current assets and current liabilities approximates their carrying values.