



Financial Statements

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

December 31, 2012

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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  
Cecil Street Community Centre**

We have audited the accompanying financial statements of **Cecil Street Community Centre**, which comprise the statement of financial position as at December 31, 2012, 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 public sector accounting standards for government not-for-profit organizations, 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 Cecil Street Community Centre as at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

**Comparative Information**

Without modifying our opinion, we draw attention to Note 8 to the financial statements which describes that the Organization adopted Canadian public sector accounting standards for government not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statement of operations, statement of changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

*Grant Thornton LLP*

Toronto, Ontario  
April 25, 2013

Chartered Accountants  
Licensed Public Accountants

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

Year Ended December 31	2012		2011 (unaudited)	
	<u>Program</u>	<u>Administration</u>	<u>Total</u>	<u>Total</u>
<b>Revenues</b>				
Grants				
City of Toronto	\$ 17,075	\$ 643,722	\$ 660,797	\$ 703,218
Federal	5,482	-	5,482	5,560
Provincial	20,721	-	20,721	20,741
	<u>43,278</u>	<u>643,722</u>	<u>687,000</u>	<u>729,519</u>
Rentals	13,810	-	13,810	23,528
Fundraising	8,907	-	8,907	9,660
Program fees	11,817	-	11,817	10,862
Interest	1,597	-	1,597	1,607
Other income	1,331	-	1,331	947
Donations	7,760	-	7,760	5,066
	<u>88,500</u>	<u>643,722</u>	<u>732,222</u>	<u>95,046</u>
<b>Expenditures</b>				
Salaries and wages	64,434	469,397	533,831	532,699
Employee benefits	7,188	108,497	115,685	120,142
Materials and supplies	7,171	25,408	32,579	43,862
Purchase of service	9,553	40,420	49,973	81,970
Amortization of administration assets	-	1,047	1,047	1,047
Amortization of deferred capital	-	-	-	-
Contribution	-	(1,047)	(1,047)	(1,047)
	<u>88,346</u>	<u>643,722</u>	<u>732,068</u>	<u>778,673</u>
<b>Excess of revenues over expenditures</b>	<b>\$ 154</b>	<b>\$ -</b>	<b>\$ 154</b>	<b>\$ 2,516</b>

See accompanying notes to the financial statements.

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

Year Ended December 31, 2012

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	Board Designated <u>Reserve</u>	<u>Unrestricted</u>	<b>Total <u>2012</u></b>	Total <u>2011</u> (unaudited)
Net assets, beginning of year	\$ 45,100	\$ 11,529	\$ <b>56,629</b>	\$ 54,113
Excess of revenue over Expenditure	<u>          -</u>	<u>          154</u>	<u>          154</u>	<u>          2,516</u>
Net assets, end of year	<u>\$ 45,100</u>	<u>\$ 11,683</u>	<u>\$ <b>56,783</b></u>	<u>\$ 56,629</u>

See accompanying notes to the financial statements.

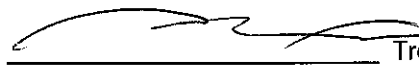
**Board of Management for the  
Cecil Street Community Centre  
Statement of Financial Position**

	December 31, 2012	December 31, 2011 (unaudited)	January 1, 2011 (unaudited)
<b>Assets</b>			
Current			
Cash and short term investments	\$ 110,178	\$ 143,995	\$ 136,354
Receivables - City of Toronto (vacation pay)	5,793	7,587	8,559
- Other	6,912	7,090	7,699
Prepaid expenses	<u>2,071</u>	<u>2,273</u>	<u>1,967</u>
	<u>124,954</u>	160,945	154,579
Long term			
Receivable - City of Toronto (Note 3)	171,666	169,797	167,638
Capital assets (Note 4)	<u>0</u>	<u>1,047</u>	<u>2,094</u>
	<u>\$ 296,620</u>	<u>\$ 331,789</u>	<u>\$ 324,311</u>
<b>Liabilities</b>			
Current			
Payables and accruals - City of Toronto	\$ 1,797	\$ 6,268	\$ 5,976
- Other	<u>60,004</u>	<u>91,518</u>	<u>85,738</u>
	<u>61,801</u>	97,786	91,714
Deferred revenue	6,370	6,530	8,751
Deferred capital contribution from the City of Toronto	<u>0</u>	<u>1,047</u>	<u>2,094</u>
	<u>68,171</u>	105,363	102,559
Long term			
Post-employment benefits and compensated absences liability (Note 3)	<u>171,666</u>	<u>169,797</u>	<u>167,638</u>
	<u>239,837</u>	<u>275,160</u>	<u>270,197</u>
<b>Net Assets</b>			
Board designated reserve (Note 5)	45,100	45,100	45,100
Unrestricted surplus	<u>11,683</u>	<u>11,529</u>	<u>9,014</u>
	<u>56,783</u>	<u>56,629</u>	<u>54,114</u>
	<u>\$ 296,620</u>	<u>\$ 331,789</u>	<u>\$ 324,311</u>

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	2012	2011 (unaudited)
<b>Operating activities</b>		
Surplus of revenue over expenditure	\$ 154	\$ 2,516
Deferred capital contribution	-	(1,047)
Amortization of capital assets (administration)	-	1,047
	<u>154</u>	<u>2,516</u>
Increase (decrease) resulting in changes in:		
Receivable - City of Toronto	1,794	971
- Other	178	609
Prepays	202	(306)
Payables - City of Toronto	(4,471)	292
- Other	(31,514)	5,780
Deferred revenue	(160)	(2,221)
Post-employment benefits and compensated absences liability	1,869	9,685
Long term City of Toronto account receivable	<u>(1,869)</u>	<u>(9,685)</u>
Net increase in cash and short term investments	(33,917)	7,641
Cash and short term investments, beginning of year	<u>143,995</u>	<u>136,354</u>
Cash and short term investments, end of year	\$ <u>110,178</u>	\$ <u>143,995</u>

See accompanying notes to the financial statements.



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

December 31, 2012

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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, 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.

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## **2. Significant accounting policies**

### **Basis of presentation**

These financial statements have been prepared in accordance with Public Sector Accounting Standards for government not-for-profits ("PSA-GNPO") as issued by the Public Sector Accounting Board (PSAB). This is the first time that the Organization has prepared its financial statements in accordance with PSA-GNPO, having previously prepared its financial statements in accordance with Not-For-Profit accounting standards in Part V of the Canadian Institute of Chartered Accountants (CICA) Handbook. On January 1, 2012, the organization early adopted the Public Sector Accounting Handbook Sections 3450 – Financial Instruments. The new standards provide the classification, recognition and measurement requirements for financial instruments and is effective for years beginning on or after April 1, 2012, however, earlier adoption is permitted. This accounting policy change did not result in any adjustments at January 1, 2012.

Details of how the transition has affected the financial position and financial performance are disclosed in Note 8.

### **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.

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

December 31, 2012

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## **2. Significant accounting policies (continued)**

### **Financial assets and liabilities**

During the year, the Centre applied the recommendations of new Sections PS 1201, Financial Statement Presentation, and PS 3450, Financial Instruments, of the CICA *Public Sector Accounting Handbook*. These new sections require prospective application and, accordingly, comparative amounts are presented in accordance with the accounting policies which the Centre applied before adoption of these new sections.

#### *Initial measurement*

The Centre recognizes a financial asset or a financial liability on the statement of financial position when, and only when, it becomes party to the contractual provisions of the financial instrument. Unless otherwise stated, financial assets and liabilities are initially measured at cost.

#### *Subsequent measurement*

At each reporting date, the Centre measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

The Centre determines whether there is any objective evidence of impairment of the financial assets, for financial assets subsequently measured at amortized cost. Any financial asset impairment is recognized in the statement of operations.

### **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 judgement and may change significantly with the next detailed evaluation.

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

December 31, 2012

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## 2. Significant accounting policies (continued)

### Employee related costs

The Centre has adopted the following policies with respect to employee benefit plans:

- (a) The City of Toronto offers a multiemployer defined benefit pension plan to the Centre's employees. The Centre's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are made; and
- (b) The Centre also offers its eligible employees a defined benefit sick leave plan, a post-retirement life, health and dental plan, a long term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Centre recognizes an accrued benefit liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains / losses.

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## 3. Post-employment benefits and compensated absences liability

The Centre participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its eligible 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. Eligible 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.

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

December 31, 2012

### 3. Post-employment benefits and compensated absences liability (continued)

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 2012. Assumptions used to project the accrued benefit obligations were as follows:

- long term inflation rate – 2%
- assumed health care cost trends – range from 3.4% to 6.8%
- rate of compensation increase – 3%
- discount rates – post retirement 3.8%, post employment 3.1%, sick leave 3.5%

Information about the Centre's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<b>December 31, 2012</b>	December 31, 2011 (unaudited)	January 1, 2011 (unaudited)
Sick leave benefit plan	\$ 51,558	\$ 43,858	\$ 41,614
Post-retirement benefits	<u>110,209</u>	<u>130,010</u>	<u>114,833</u>
	<b>161,768</b>	173,869	156,447
Add: Unamortized actuarial gain (loss)	<u>9,898</u>	<u>(4,072)</u>	<u>11,191</u>
Post-employment benefit liability	<b>\$ 171,666</b>	<b>\$ 169,797</b>	<b>\$ 167,638</b>

The continuity of the accrued benefit obligation during 2012 is as follows:

	<b>December 31, 2012</b>	December 31, 2011	January 1, 2011
Balance, beginning of year	\$ 169,797	\$ 167,638	\$ 159,672
Current service cost	3,117	2,721	2,474
Interest cost	6,430	7,173	5,569
Amortization of actuarial loss (gain)	1,288	315	6,561
Expected benefits paid	<u>(8,967)</u>	<u>(8,050)</u>	<u>(6,638)</u>
Balance, end of year	<b>\$ 171,666</b>	<b>\$ 169,797</b>	<b>\$ 167,638</b>

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

December 31, 2012

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### 3. Post-employment benefits and compensated absences liability (continued)

Expenditures in 2012 relating to employee benefits are included as administration expenses on the Statement of Revenue and Expenses and include the following components:

	<u>2012</u>	<u>2011</u>
Current service cost	\$ 3,117	\$ 2,721
Interest cost	6,430	7,173
Amortization of actuarial (gain) loss	1,288	315
Less: Expected benefits paid	<u>(8,967)</u>	<u>(8,050)</u>
Total expenditures related to post-retirement and post-employment benefits	<u>\$ 1,868</u>	<u>\$ 2,159</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 eligible 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 \$37,226 in 2012 (2011 - \$35,035).

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### 4. Capital assets

	<u>2012</u>	<u>2011</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value (unaudited)</u>
Computers	\$ 0	\$ 0	\$ -	\$ -
Furniture and equipment	<u>18,097</u>	<u>18,097</u>	<u>-</u>	<u>1,047</u>
	<u>\$ 18,097</u>	<u>\$ 18,097</u>	<u>\$ -</u>	<u>\$ 1,047</u>

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### 5. Board Designated Reserve

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

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

December 31, 2012

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## 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>2012</u>	<u>2011</u>
<b>Budgeted administration expenditure:</b>		
Centre's approved budget for 2011 administration expenses was		
Salaries and benefits	\$ 545,146	\$ 575,443
Materials and supplies	39,000	44,600
Purchase of services	<u>58,100</u>	<u>65,643</u>
	<u>642,246</u>	<u>685,686</u>
<b>Actual administration expenditure:</b>		
Centre's actual administration expenses were	643,722	686,143
Deduct: Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(1,868)</u>	<u>(1,862)</u>
	<u>641,854</u>	<u>684,281</u>
Administration expenditure under approved budget	\$ <u>392</u>	\$ <u>1,405</u>

The under expenditure of \$392 (2011 - \$1,405) is included in accounts payable to the City of Toronto.

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## 7. Financial instruments

The Centre's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

### Credit Risk

Credit risk arises on outstanding receivables. It is management's opinion that the risk related to receivables is minimal as most receivables are from the City of Toronto. Other receivables include sales taxes recoverable, accrued interest from investments, and miscellaneous receivables related to staff payments and copy fees, which, in the most part, were collected subsequent to the year end.

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

December 31, 2012

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## **7. Financial instruments (continued)**

### **Liquidity risk**

Liquidity risk is the risk that the Centre will not be able to meet its cash flow obligations as they fall due. The Organization mitigates this risk by maintaining no debt and monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

There have been no significant changes from the previous year in the exposure to risk or in methods used to measure the risk.

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## **8. Conversion to Public Sector Accounting Standards**

These financial statements are the Organization's first financial statements prepared using the new Canadian Public Sector Accounting Standards for Not-for-Profit Organizations (PSA-GNPO). The date of transition to the new accounting standards is January 1, 2011. The accounting policies presented in Note 2 to the financial statements were used to prepare the financial statements for the year ended December 31, 2012, the comparative information and the opening statement of financial position as at the date of transition.

The adoption of PSA-GNPO resulted in adjustments to the previously reported assets and liabilities related to the post-employment benefits payable and compensated absences liability (Note 3). The transition to PSAS-NPO also resulted in changes to the statement of cash flows. On the statement of cash flows the change in long term account receivable from the City of Toronto and the long term employee benefits payable both were restated to \$9,685 from \$1,861 to reflect the change in this liability and long term receivable under PSA-GNPO.