



Financial Statements

Board of Management for Community Centre 55

December 31, 2012

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Grant Thornton

## 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  
Community Centre 55**

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, 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 **the Board of Management for Community Centre 55** 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 10 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.



Toronto, Canada  
April 9, 2013

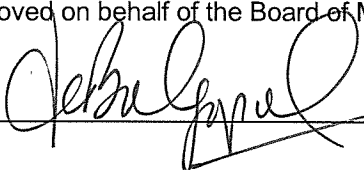
Chartered Accountants  
Licensed Public Accountants

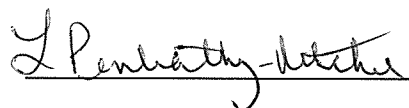
## Board of Management for Community Centre 55

### Statement of financial position

	December 31, 2012	December 31, 2011	January 1, 2011
		(Unaudited)	(Unaudited)
<b>Assets</b>			
Current			
Cash and short term investments (Note 4)	\$ 579,514	\$ 493,372	\$ 425,281
Receivables			
City of Toronto	1,012	1,944	1,036
City of Toronto (deficit)	-	-	7,528
Other	<u>56,148</u>	<u>43,870</u>	<u>24,726</u>
	<u>636,674</u>	539,186	458,571
Long term			
Receivable - City of Toronto (Note 5)	224,390	211,244	195,696
Capital assets (Note 6)	<u>5,112</u>	<u>10,224</u>	<u>15,335</u>
	<u>\$ 866,176</u>	<u>\$ 760,654</u>	<u>\$ 669,602</u>
<b>Liabilities</b>			
Current			
Payables			
City of Toronto (surplus)	\$ 134	\$ 869	\$ 5,900
City of Toronto	-	3,760	9,128
Deferred revenue – City of Toronto	2,610	-	-
Other	<u>47,967</u>	<u>41,757</u>	<u>81,494</u>
	<u>50,711</u>	<u>46,386</u>	<u>96,522</u>
Long term			
Post-employment benefits and compensated absences liability (Note 5)	<u>224,390</u>	<u>211,244</u>	<u>195,696</u>
<b>Net Assets</b>			
Restricted fund – Share Christmas (Note 7)	70,000	40,000	-
Unrestricted program funds	<u>521,075</u>	<u>463,024</u>	<u>377,384</u>
	<u>591,075</u>	<u>503,024</u>	<u>377,384</u>
	<u>\$ 866,176</u>	<u>\$ 760,654</u>	<u>\$ 669,602</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

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## Board of Management for Community Centre 55

### Statement of changes in net assets

Year ended December 31

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	Restricted Fund Share Christmas (Note 7)	Unrestricted Program Funds	<u>2012</u>	<u>2011</u> (Unaudited)
Net assets, beginning of year	\$ 40,000	\$ 463,024	\$ <b>503,024</b>	\$ 377,384
Excess of revenue over expenditures	-	88,051	<b>88,051</b>	125,640
Interfund transfers	<u>30,000</u>	<u>(30,000)</u>	-	-
Net assets, end of year	\$ <u>70,000</u>	\$ <u>521,075</u>	\$ <b><u>591,075</u></b>	\$ <u>503,024</u>

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See accompanying notes to the financial statements.

# Board of Management for Community Centre 55

## Statement of operations

Year ended December 31

	<u>Programs</u>	<u>Administration</u>	<u>2012</u>	<u>2011</u> (unaudited)
<b>Revenues</b>				
Grants				
Government of Canada	\$ 15,304	\$ -	\$ 15,304	\$ 13,129
Province of Ontario	30,440	-	30,440	35,117
City of Toronto	<u>26,000</u>	<u>692,795</u>	<u>718,795</u>	<u>780,616</u>
	71,744	692,795	764,539	828,862
Donations and fundraising	174,598	-	174,598	147,718
Program fees	933,780	-	933,780	872,445
Interest	4,156	-	4,156	1,539
Other income	26,731	-	26,731	18,513
Recoveries and other revenue	-	<u>6,604</u>	<u>6,604</u>	<u>11,690</u>
	<u>1,211,009</u>	<u>699,399</u>	<u>1,910,408</u>	<u>1,880,767</u>
<b>Expenditures</b>				
Salaries and wages	667,736	480,692	1,148,428	1,119,847
Employee benefits	123,428	138,231	261,659	242,821
Materials and supplies	177,690	31,765	209,455	222,087
Purchase of services	148,992	48,711	197,703	165,261
Amortization	<u>5,112</u>	-	<u>5,112</u>	<u>5,111</u>
	<u>1,122,958</u>	<u>699,399</u>	<u>1,822,357</u>	<u>1,755,127</u>
<b>Revenues over expenditures, (expenditures over revenues)</b>	<u>\$ 88,051</u>	<u>\$ -</u>	<u>\$ 88,051</u>	<u>\$ 125,640</u>

See accompanying notes to the financial statements.

## Board of Management for Community Centre 55

### Statement of cash flows

Year ended December 31	2012	2011 (unaudited)
Increase (decrease) in cash and short term investments		
Operating activities		
Excess of revenue over expenditures (expenditures over revenues)	\$ 88,051	\$ 125,640
Amortization	<u>5,112</u>	<u>5,111</u>
	<b>93,163</b>	130,751
Increase (decrease) resulting in changes in:		
Receivables		
City of Toronto	932	6,620
Other	(12,278)	(19,144)
Payables		
City of Toronto	(4,495)	(10,399)
Other	6,210	(39,737)
Deferred revenue – City of Toronto	2,610	-
Long term receivable - City of Toronto (Note 10)	(13,146)	(15,548)
Long term employment benefits and compensated absences liability (Note 10)	<u>13,146</u>	<u>15,548</u>
Net increase in cash and short term investments	<b>86,142</b>	68,091
Cash and short term investments, beginning of year	<u>493,372</u>	<u>425,281</u>
Cash and short term investments, end of year	<b>\$ 579,514</b>	<b>\$ 493,372</b>

See accompanying notes to the financial statements.



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# **Board of Management for Community Centre 55**

## **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 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.

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### **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.

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### **3. 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 10.

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# Board of Management for Community Centre 55

## Notes to the financial statements

December 31, 2012

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### 3. Significant accounting policies (continued)

#### 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 the deferred capital contribution on the balance sheet. Program, rental and similar revenues are recognized on the date the services are provided. Amounts received in advance of services being provided are classified as deferred revenue on the statement of financial position.

#### 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.

#### 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.

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# Board of Management for Community Centre 55

## Notes to the financial statements

December 31, 2012

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### 3. Significant accounting policies (continued)

#### 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 \$ 1,910,408 (2011 - \$1,880,767) and total expenses charged against all funds totalled \$ 1,822,357 (2011 - \$1,755,127).

#### Use of estimates

The preparing of the financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations 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 City of Toronto offers a multiemployer defined benefit pension plan to the Centre's employees. Due to the nature of the plan, the Centre does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multiemployer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.
- (b) The Centre also offers its 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.

# Board of Management for Community Centre 55

## Notes to the financial statements

December 31, 2012

### 4. Cash - Program

The Centre has a Relationship Agreement with the City of Toronto regarding the ownership of assets. Under this agreement, cash and short-term investments of \$572,661 (2011 - \$474,375) are designated as Programs assets and thus are property of the Ontario Corporation Number 0310527 as identified in Note 2. Additionally, the following items in the statement of financial position are the property of the Ontario Corporation Number 0310527:

### 5. 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 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 retirees are entitled to a cash payment when they leave the Centre's employment. 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 as at December 31, 2012 with projections to December 31, 2013, 2014 and 2015. Assumptions used to project the accrued benefit obligation 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:

	<u>2012</u>	<u>2011</u> (unaudited)	January 1, <u>2011</u> (unaudited)
Sick leave benefit plan	\$ 108,795	\$ 138,964	\$ 131,354
Post-retirement benefits	171,301	151,806	124,258
Continuation of benefits to disabled employees	78,049	91,765	95,476
Income benefits	<u>150,470</u>	<u>165,348</u>	<u>178,362</u>
	<b>508,615</b>	547,883	529,450
Deduct: Unamortized actuarial loss	<u>(284,225)</u>	<u>(336,639)</u>	<u>(333,754)</u>
Post-employment benefit liability	<u>\$ 224,390</u>	<u>\$ 211,244</u>	<u>\$ 195,696</u>

## Board of Management for Community Centre 55

### Notes to the financial statements

December 31, 2012

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

The continuity of the accrued benefit obligation is as follows:

	<u>2012</u>	<u>2011</u> (unaudited)
Balance, beginning of year	\$ 211,244	\$ 195,696
Current service cost	7,587	6,720
Interest cost	18,106	21,920
Amortization of actuarial loss	33,894	31,730
Expected benefits paid	<u>(46,441)</u>	<u>(44,822)</u>
Balance, end of year	<u>\$ 224,390</u>	<u>\$ 211,244</u>

Expenditures in 2012 relating to post-retirement and post-employment benefits amounting to \$13,146 (2011 - \$15,548) are included as administration expenses on the Statement of Revenue and Expenditure and include the following components:

	<u>2012</u>	<u>2011</u> (unaudited)
Current service cost	\$ 7,587	\$ 6,720
Interest cost	18,106	21,920
Amortization of actuarial loss	33,894	31,730
Expected benefits paid	<u>(46,441)</u>	<u>(44,822)</u>
Total expenditures related to post-retirement and post-employment benefits	<u>\$ 13,146</u>	<u>\$ 15,548</u>

A long term receivable of \$224,390 (2011 - \$211,244) 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 administration 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. Employer contributions to this pension plan amounted to \$ 55,746 in 2012 (2011 - \$40,321).

# Board of Management for Community Centre 55

## Notes to the financial statements

December 31, 2012

6. Capital assets			<u>2012</u>	<u>2011</u>	January 1, <u>2011</u>
			(unaudited)		(unaudited)
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	Net Book Value
Program fund:					
Furniture, fixtures and equipment	\$ 1,423	\$ 1,067	\$ 356	\$ 712	\$ 1,067
Automobile	<u>19,024</u>	<u>14,268</u>	<u>4,756</u>	<u>9,512</u>	<u>14,268</u>
	<u>\$ 20,447</u>	<u>\$ 15,335</u>	<u>\$ 5,112</u>	<u>\$ 10,224</u>	<u>\$ 15,335</u>

### 7. Restricted Fund - Share Christmas

In 2011, the Board created a reserve fund to record donated funds designated for the Share Christmas program which were not distributed in the year. Consistent with the Centre's policy of accounting for externally restricted contributions, the donations are recognized in the year in which the related expenditures are recognized. In years with Share Christmas expenditures exceeding Share Christmas donations, amounts from this fund will be recognized as revenues.

### 8. Funds provided by the City of Toronto

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>2012</u>	<u>2011</u>
		(unaudited)
<b>Budgeted administration expenditures:</b>		
Centre's approved budget for administration expense was:		
Interim administration budget	\$ 674,100	\$ 719,221
Administration salary and benefits (COLA)	<u>5,683</u>	<u>-</u>
	<u>679,783</u>	<u>719,221</u>
<b>Actual administration expenditure:</b>		
Centre's actual administration expense was	699,399	745,590
Deduct: Recoveries	(6,604)	(11,690)
Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	<u>(13,146)</u>	<u>(15,548)</u>
	<u>679,649</u>	<u>718,352</u>
Administration expenditure under approved budget	<u>\$ 134</u>	<u>\$ 869</u>

The under expenditure of \$134 (2011 – \$869) is included in the payable to the City of Toronto (surplus).

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# Board of Management for Community Centre 55

## Notes to the financial statements

December 31, 2012

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### 9. 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 all receivables are from the City of Toronto other than \$25,554 which is commodity taxes recoverable and other program receivables of \$30,593 which have been outstanding less than 30 days as at year end.

#### Liquidity risk

Liquidity risk is the risk that the "Community 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. The Centre's payables and accruals are all due within 30 days of its year end.

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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### 10. 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 Government 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 3 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 5). The transition to PSA-GNPO 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 \$15,548 from \$16,030 to reflect the change in this liability and long term receivable under PSA-GNPO.

## Board of Management for Community Centre 55

### Schedule of program assets and liabilities

December 31, 2012

The financial statements reflect the operations of the Board of Management and the charitable organization, Ontario Corporation Number 0310527, which runs Centre programs. Included in the statement of financial position are the following items that are the property of Ontario Corporation Number 0310527:

	<u>2012</u>	<u>2011</u> (unaudited)	<u>January 1,</u> <u>2011</u> (unaudited)
<b>Program assets</b>			
Cash and short-term investments	\$ 572,661	\$ 474,375	\$ 379,779
Receivables	52,271	47,411	26,305
Capital assets	<u>5,112</u>	<u>10,224</u>	<u>15,335</u>
	<b>630,044</b>	532,010	421,419
<b>Program liabilities</b>			
Payables	<u>38,969</u>	<u>28,986</u>	<u>44,039</u>
<b>Program accumulated surplus</b>	<b><u>\$ 591,075</u></b>	<b><u>\$ 503,024</u></b>	<b><u>\$ 377,380</u></b>

The detailed schedule includes receivables and payables due to the Board of Management, which are eliminated in the combined statement of financial position presented on page 3.