



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

**Board of Management for
the Scadding Court 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
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, 2012, the statements of operations, 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.

Opinion

In our opinion, the financial statements present fairly the financial position of the **Board of Management for the Scadding Court 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 9 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, 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, Canada
May 28, 2013

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Scadding Court Community Centre
Statement of Revenue and Expenses**

Year Ended December 31, 2012

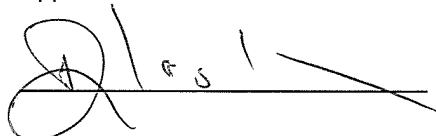
	<u>2012 Budget</u>	<u>2012 Actual</u>	2011 <u>Actual</u> (unaudited)
Revenues			
Funds provided by City of Toronto – administration (Note 6)	\$ <u>839,050</u>	\$ <u>862,837</u>	\$ <u>902,472</u>
Administration expenditures			
Salaries and wages	620,065	610,022	639,589
Employee benefits	146,783	185,556	185,175
Materials and supplies	31,077	26,996	41,766
Purchase of services	41,125	40,263	35,942
Amortization of capital assets	-	2,452	4,243
Amortization of deferred capital contributions	-	<u>(2,452)</u>	<u>(4,243)</u>
	<u>839,050</u>	<u>862,837</u>	<u>902,472</u>
Excess of revenue over expense	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

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

	December 31, 2012	December 31, 2011 (unaudited)	January 1, 2011 (unaudited)
Assets			
Current			
Cash	\$ 3,081	\$ 42,143	\$ 10,187
Receivables			
- City of Toronto (Note 6)	4,230	724	18,403
- City of Toronto - vacation pay	36,989	35,450	25,024
- Scadding Court Community Centre, Inc.	30,261	-	6,719
- Other	9,164	3,101	-
Prepays	3,091	1,824	-
	86,816	83,242	60,333
Long term			
Receivable - City of Toronto (Note 4)	422,205	398,656	382,170
Capital assets (Note 5)	4,109	3,294	7,537
	426,314	401,950	389,707
	\$ 513,130	\$ 485,192	\$ 450,040
Liabilities			
Current			
Payables			
- City of Toronto	\$ -	\$ 855	\$ 855
- Scadding Court Community Centre, Inc.	-	5,457	3,955
- Vacation pay payable	36,989	35,450	25,024
- Other (Note 7)	49,827	41,480	30,499
	86,816	83,242	60,333
Long term			
Deferred capital contributions	4,109	3,294	7,537
Post-employment benefits and compensated absences liability (Note 4)	422,205	398,656	382,170
	426,314	401,950	389,707
	\$ 513,130	\$ 485,192	\$ 450,040

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	2012	2011
		(unaudited)
Increase (decrease) in cash		
Operating activities		
Adjustment for non-cash items:		
Amortization of capital assets	\$ 2,452	\$ 4,243
Amortization of deferred capital contributions	(2,452)	(4,243)
Increase (decrease) resulting from changes in:		
Receivable - City of Toronto	(3,506)	17,679
- City of Toronto - Vacation pay	(1,539)	(10,426)
- Scadding Court Community Centre, Inc.	(30,261)	-
- Other	(6,063)	3,618
Prepaid expenses	(1,267)	(1,824)
Payables - City of Toronto	(855)	-
- Scadding Court Community Centre, Inc.	(5,457)	1,502
- Vacation pay payable	1,539	10,426
- Other	8,347	10,981
Long term account receivable - City of Toronto	(23,550)	(16,486)
Post-employment benefits and compensated absences liability	<u>23,550</u>	<u>16,486</u>
Net (decrease) increase in cash	(39,062)	31,956
Cash, beginning of year	<u>42,143</u>	<u>10,187</u>
Cash, end of year	<u>\$ 3,081</u>	<u>\$ 42,143</u>

See accompanying notes to the financial statements.

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

December 31, 2012

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 Centre is a not-for-profit organization and, as such, is exempt from income tax.

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

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 9.

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

December 31, 2012

3. Significant accounting policies (continued)

Revenue recognition

The Centre follows the deferral method 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. Externally 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 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:

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.

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.

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

December 31, 2012

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 \$ 862,837 (2011 - \$902,472) and total expenses charged against all funds totalled \$ 862,837 (2011 - \$902,472).

Use of estimates

The preparing of the financial statements in conformity with Canadian Public Sector Accounting Standards for government not-for-profits requires management to make estimates and assumptions. For example, the post-employment benefits payable 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 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 post-employment 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 the Scadding Court Community Centre Notes to the Financial Statements

December 31, 2012

4. 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)
Post retirement benefits	\$ 252,179	\$ 186,334	\$ 149,759
Continuation of benefits to disabled employees	110,489	125,401	125,235
Income benefits	220,857	233,026	241,462
Sick leave benefit plan	<u>83,930</u>	<u>84,240</u>	<u>75,052</u>
	667,455	629,001	591,508
Deduct: Unamortized actuarial loss	<u>(245,250)</u>	<u>(230,345)</u>	<u>(209,338)</u>
Post-employment benefit liability	<u>\$ 422,205</u>	<u>\$ 398,656</u>	<u>\$ 382,170</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2012</u>	<u>2011</u> (unaudited)
Balance, beginning of year	\$ 398,656	\$ 382,170
Current service cost	14,279	12,329
Interest cost	20,999	24,572
Amortization of actuarial loss	28,910	25,973
Expected benefits paid	<u>(40,639)</u>	<u>(46,388)</u>
Balance, end of year	<u>\$ 422,205</u>	<u>\$ 398,656</u>

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

December 31, 2012

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

Expenditures in 2012 relating to post-retirement and post-employment benefits amounting to \$23,549 (2011 - \$16,486) are included on the Statement of Revenue and Expenses and include the following components:

	<u>2012</u>	<u>2011</u> (unaudited)
Current service cost	\$ 14,279	\$ 12,329
Interest cost	20,999	24,572
Amortization of actuarial loss	28,910	25,973
Expected benefits paid	<u>(40,639)</u>	<u>(46,388)</u>
 Total expenditures related to post-retirement and post-employment benefits	 <u>\$ 23,549</u>	 <u>\$ 16,486</u>

A long term receivable of \$422,205 (2011 - \$398,656; January 1, 2011 - \$382,170) has resulted from recording as sick leave and post-retirement benefits. Funding for these costs are provided by the City as benefit costs are paid and the City is 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. Employer contributions to this pension plan amounted to \$ 45,837 (2011 - \$44,150).

	<u>2012</u>	<u>2011</u> (unaudited)	<u>January 1,</u> <u>2011</u> (unaudited)
5. Capital assets	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u> <u>Book Value</u>
Computers	\$ 4,971	\$ 4,971	\$ -
Furniture and equipment	<u>23,739</u>	<u>19,630</u>	<u>4,109</u>
	<u>\$ 28,710</u>	<u>\$ 24,601</u>	<u>\$ 4,109</u>
			<u>\$ 3,294</u>
			<u>\$ 7,537</u>

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

December 31, 2012

6. Funds provided by City of Toronto - administration

Funding for administration expenditures is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits, excluding those for long term employee benefits, are normally to be funded by the City after approval has been obtained.

	<u>2012</u>	<u>2011</u> (unaudited)
Budgeted administration expenditure:		
Centre's approved budget for administration expense was:		
Interim administration budget	\$ 828,700	\$ 885,262
Administration salary and benefits (COLA)	<u>10,248</u>	<u>-</u>
	<u>838,948</u>	<u>885,262</u>
Actual administration expenditure:		
Centre's actual 2012 administration expense was:		
	862,837	902,472
Deduct: Post retirement benefits, not funded by the City until paid, that is included in long term accounts receivable - City of Toronto		
	(23,549)	(16,486)
Add: Acquisition of capital assets		
	<u>3,267</u>	<u>-</u>
	<u>842,555</u>	<u>885,986</u>
Administration expenditure (over) under approved budget	\$ <u>3,607</u>	\$ <u>(724)</u>

The over expenditure of \$3,607 (2011 - \$724 under expenditure) is included in the accounts receivable (2011 - payable) to the City of Toronto.

7. Government Remittances

Government remittances of sales taxes, payroll taxes, employee health taxes, and workers safety insurance premiums included in the balance reported for payables and accruals are \$ 12,275 (2011 - \$974; January 1, 2011 - \$1,622).

8. 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 or related party, Scadding Court Community Centre, Inc., other than \$9,164 which is primarily sales taxes recoverable.

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

December 31, 2012

8. Financial instruments (continued)

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. Other than related party payables and accruals, all of 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.

9. 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 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 and compensated absences liability (Note 4). 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 \$16,486 from \$18,858 to reflect the change in this liability and long term receivable under PSA-GNPO.