

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
For the year ended
DECEMBER 31, 2015

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND THE BOARD OF MANAGEMENT
FOR THE 519 CHURCH STREET COMMUNITY CENTRE**

We have audited the accompanying financial statements of the Board of Management for the 519 Church Street Community Centre, which comprise the statement of financial position as at December 31, 2015, 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.

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Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenue from donations and fundraising, 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 and fundraising revenue, net revenue over expenses and cash flow from operations for the year ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014 and unrestricted net assets as at January 1 and December 31 for both the 2014 and 2015 years. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Board of Management for the 519 Church Street Community Centre as at December 31, 2015 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.

A handwritten signature in black ink that reads "Welch LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 30, 2016.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and short-term investments	\$ 1,864,670	\$ 371,896
Accounts receivable - City of Toronto	34,681	91,465
Accounts receivable - Other	358,241	172,779
Inventories	13,297	26,372
Unbilled revenue	2,924	124,928
Prepaid expenses	<u>10,304</u>	<u>5,075</u>
	2,284,117	792,515
ACCOUNTS RECEIVABLE - CITY OF TORONTO (note 8)	333,033	336,867
CAPITAL ASSETS (note 4)	<u>129,775</u>	<u>82,872</u>
	<u>\$ 2,746,925</u>	<u>\$ 1,212,254</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Bank indebtedness (note 5)	\$ 58,617	\$ 146,692
Accounts payable and accrued liabilities - City of Toronto	24,265	19,219
Accounts payable and accrued liabilities - Other	213,055	252,765
Deferred contributions (note 6)	1,662,777	62,543
Deferred capital contribution (note 7)	<u>60,858</u>	<u>300</u>
	2,019,572	481,519
POST-EMPLOYMENT BENEFITS PAYABLE (note 8)	<u>333,033</u>	<u>336,867</u>
	<u>2,352,605</u>	<u>818,386</u>
NET ASSETS		
Invested in capital assets, internally restricted	68,917	82,572
Fund and trusteeship balances, externally restricted (schedule B and note 10)	153,457	180,695
Unrestricted	<u>171,946</u>	<u>130,601</u>
	<u>394,320</u>	<u>393,868</u>
	<u>\$ 2,746,925</u>	<u>\$ 1,212,254</u>

Approved by the Board:

 Chair

 Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	Invested in Capital <u>assets</u> (note 9)	Fund and Trusteeship <u>Balances</u>	<u>Unrestricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Net assets, beginning of year	\$ 82,572	\$ 180,695	\$ 130,601	\$ 393,868	\$ 306,362
Net revenue over expenses (expenses over revenue)	(43,595)	(27,238)	71,285	452	87,506
Investment in capital assets - net	<u>29,940</u>	<u>-</u>	<u>(29,940)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 68,917</u>	<u>\$ 153,457</u>	<u>\$ 171,946</u>	<u>\$ 394,320</u>	<u>\$ 393,868</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2015

	<u>Program</u>	<u>Administration</u>	<u>2015</u>	<u>2014</u>
Revenue				
Grants				
City of Toronto	\$ 378,998	\$ 1,289,019	\$ 1,668,017	\$ 1,690,750
Province of Ontario (note 12)	382,259	-	382,259	317,281
Government of Canada	329,101	-	329,101	274,644
United Way	251,723	-	251,723	234,100
Others	<u>118,595</u>	<u>-</u>	<u>118,595</u>	<u>136,615</u>
	1,460,676	1,289,019	2,749,695	2,653,390
Donations	1,479,318	-	1,479,318	988,698
Fundraising	963,600	-	963,600	1,174,612
Workshops, Education and Training	155,470	-	155,470	42,110
Rental Fees	61,616	-	61,616	44,601
Interest	3,384	-	3,384	5,201
Cafe	436,949	-	436,949	418,713
Special Projects	-	-	-	9,776
Other Revenue	20,843	-	20,843	830
Amortization of deferred capital contributions	<u>15,214</u>	<u>300</u>	<u>15,514</u>	<u>403</u>
	<u>4,597,070</u>	<u>1,289,319</u>	<u>5,886,389</u>	<u>5,338,334</u>
Expenses (Schedule A)				
Salaries and wages	1,786,435	790,187	2,576,622	2,380,520
Employee benefits	439,201	200,007	639,208	575,022
Materials, supplies and services	2,284,935	163,103	2,448,038	2,152,429
Purchase of service	-	135,722	135,722	142,262
Amortization of capital assets	<u>58,809</u>	<u>300</u>	<u>59,109</u>	<u>78,638</u>
	<u>4,569,380</u>	<u>1,289,319</u>	<u>5,858,699</u>	<u>5,328,871</u>
Net revenue over expenses	<u>\$ 27,690</u>	<u>\$ -</u>	<u>\$ 27,690</u>	<u>\$ 9,463</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue over expenses (expenses over revenue)	\$ 27,690	\$ 9,463
Net revenue over expenses (expenses over revenue)		
- Segregated fund balances and trusteeships (schedule B and note 10)	<u>(27,238)</u>	<u>78,043</u>
	452	87,506
Adjustments for:		
Amortization of capital assets	59,109	78,638
Amortization of deferred capital contribution	<u>(15,514)</u>	<u>(403)</u>
	44,047	165,741
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto	56,784	(8,740)
Accounts receivable - Other	(185,462)	2,131
Inventories	13,075	4,713
Unbilled revenue	122,004	(102,156)
Prepaid expenses	(5,229)	(253)
Long term accounts receivable - City of Toronto	3,834	7,873
Accounts payable and accrued liabilities - City of Toronto	5,046	15,566
Accounts payable and accrued liabilities - Other	(39,710)	(63,163)
Deferred revenue	-	(185)
Deferred contributions	1,600,234	(61,722)
Post-employment benefits payable	(3,834)	(7,873)
Funds in trust	<u>-</u>	<u>(5,087)</u>
Cash flows from (used in) operating activities	<u>1,610,789</u>	<u>(53,155)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of capital assets - Program	<u>(106,012)</u>	<u>(77,784)</u>
Cash flow used in investing activities	<u>(106,012)</u>	<u>(77,784)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of deferred capital contributions	76,072	-
Bank advances	<u>(88,075)</u>	<u>146,692</u>
Cash flows from (used in) financing activities	<u>(12,003)</u>	<u>146,692</u>
INCREASE IN CASH AND SHORT-TERM INVESTMENTS	1,492,774	15,753
CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF YEAR	<u>371,896</u>	<u>356,143</u>
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR	<u>\$ 1,864,670</u>	<u>\$ 371,896</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. NATURE OF OPERATIONS

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 - 0448 dated June 26, 1995 to reflect Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established part of the premises at No. 519 Church Street as a community recreation centre under the authority of the Municipal Act, known as 519 Church Street 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 Board of Management 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for government not-for-profits ("PSA-GNPO") as issued by the Public Sector Accounting Board (PSAB).

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 and are recorded as deferred contributions on the statement of financial position. 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

Workshop fees, rental and similar revenues are recognized as the services are provided.

Cafe revenues from the restaurant are recognized as earned, upon performance of the service.

Revenues related to catering events are recognized on the date of the event.

Pledges receivable

Pledges are recognized by the Centre when there is reasonable evidence of the amount to be received and collection is reasonably assured.

Cash and short-term investments

Cash and short-term investments include cash on hand, cash on deposit with financial institutions, demand deposits and short-term investments with maturities of less than twelve months at acquisition.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Financial instruments

The Centre initially measures its financial assets and financial liabilities at fair value.

The Centre subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments, and accounts receivable. Financial liabilities measured at amortized cost include bank indebtedness and accounts payable and accrued liabilities.

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements. Monetary donations are recorded as received.

Capital assets

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
Building fixtures	- 5 years straight line
Website	- 10 years straight line

Employee related costs

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

- (a) The City of Toronto offers a multi-employer 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 multi-employer 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.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards for government not-for-profits organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the useful life of its capital assets, significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

3. **FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Centre's financial instruments.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Centre will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of bank indebtedness and accounts payable and accrued liabilities and trust accounts.

The Centre manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Centre believes its overall liquidity risk to be minimal as the Centre's financial assets are considered to be highly liquid.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre's cash and short-term investments earn interest at prevailing market rates. The Centre's bank indebtedness is subject to floating interest rate terms. As a result the interest rate exposure related to these financial instruments is a result of interest rate movements.

Credit risk

The Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre's maximum exposure to credit risk represents the sum of the carrying value of its cash, short-term investments and accounts receivable. The Centre's cash and short-term investments are with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote.

Management believes that the Centre's credit risk with respect to accounts receivable is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Changes in risk

There have been no significant changes in the Centre's risk exposures from the prior year.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

4. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Administrative				
Building fixtures	\$ 11,373	\$ 11,373	\$ 11,373	\$ 11,373
Computers	-	-	27,727	27,727
Furniture and equipment	<u>1,500</u>	<u>1,500</u>	<u>24,305</u>	<u>24,005</u>
	12,873	<u>12,873</u>	63,405	<u>63,105</u>
Accumulated amortization	<u>12,873</u>		<u>63,105</u>	
	-		<u>300</u>	
Program				
Computers	120,946	110,203	161,685	132,402
Furniture and equipment	542,097	430,376	471,597	428,056
Website	<u>24,370</u>	<u>17,059</u>	<u>24,370</u>	<u>14,622</u>
	687,413	<u>557,638</u>	657,652	<u>575,080</u>
Accumulated amortization	<u>557,638</u>		<u>575,080</u>	
	<u>129,775</u>		<u>82,572</u>	
Total Assets	700,286	<u>\$ 570,511</u>	721,057	<u>\$ 638,185</u>
Accumulated amortization	<u>570,511</u>		<u>638,185</u>	
	<u>\$ 129,775</u>		<u>\$ 82,872</u>	

5. BANK INDEBTEDNESS

The bank overdraft is secured by the Centre's short-term investments. The interest rate on the line of credit is prime plus 2% and the authorized limit of the overdraft is \$350,000, of which \$58,617 (2014 - \$146,692) was utilized at year-end.

6. DEFERRED CONTRIBUTIONS

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 62,543	\$ 124,265
Add: Funds received	4,350,199	2,591,668
Less: Amounts recognized as revenue	<u>(2,749,965)</u>	<u>(2,653,390)</u>
Balance, end of year	<u>\$ 1,662,777</u>	<u>\$ 62,543</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 300	\$ 703
Add: Funds received	76,072	-
Less: Amortization of deferred capital contributions	<u>(15,514)</u>	<u>(403)</u>
Balance, end of year	<u>\$ 60,858</u>	<u>\$ 300</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

8. POST-EMPLOYMENT BENEFITS AND LONG TERM ACCOUNT RECEIVABLE

The Centre participates in a number of defined benefits plans provided by the City including pension, other retirement and post-employment benefits to its employees. Under the sick leave plan for management staff with ten years of service as of April 1, 2003, unused sick leave accumulated until March 1, 2008, and eligible employees may be entitled to a cash payment upon leaving the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and could be taken in cash by the employee upon termination, retirement or death. This sick bank plan was replaced by a Short Term Disability Plan (STD) effective March 1, 2008, for all non-union employees of the City of Toronto. Upon the effective date, the sick banks were locked with no further accumulation. Grandfathered management staff remain 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. Non-management employees continue to receive sick bank time as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

The Centre also provides health, dental, accidental death and disability, life insurance and long-term disability benefits to eligible employees. Depending on length of service and individuals' election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 2015 with projections to December 31, 2016, 2017 and 2018. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2.0%
- assumed health care cost trends - range from 3.0% to 6.0%
- rate of compensation increase - 3.0% to 3.5%
- discount rates - post-retirement 3.4%, post-employment 2.5%, sick leave 2.9%

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

	<u>2015</u>	<u>2014</u>
Sick leave benefits	\$ -	\$ 26,247
Post-retirement benefits	<u>98,457</u>	<u>186,734</u>
	98,457	212,981
 Add: Unamortized actuarial gain	 <u>234,576</u>	 <u>123,886</u>
Post-employment benefit liability	\$ <u>333,033</u>	\$ <u>336,867</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 336,867	\$ 344,740
Current service cost	14,084	12,515
Interest cost	7,482	8,186
Amortization of actuarial gain	(13,718)	(15,291)
Expected benefits paid	<u>(11,682)</u>	<u>(13,283)</u>
Balance, end of year	\$ <u>333,033</u>	\$ <u>336,867</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

8. POST-EMPLOYMENT BENEFITS AND LONG TERM ACCOUNT RECEIVABLE - Cont'd.

Recovery relating to employee benefits are included in administration employee benefits on the statement of operations in the amounts of \$3,834 in 2015 (2014 - \$7,873) and include the following components:

	<u>2015</u>	<u>2014</u>
Current service cost	\$ 14,084	\$ 12,515
Interest cost	7,482	8,186
Amortization of actuarial gain	(13,718)	(15,291)
Expected benefits paid	<u>(11,682)</u>	<u>(13,283)</u>
Balance, end of year	<u>\$ (3,834)</u>	<u>\$ (7,873)</u>

A long-term receivable from the City of \$333,033 (2014 - \$336,867) has resulted from recording 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 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 \$196,769 in 2015 (2014 - \$183,801).

The most recent actuarial valuation of the OMERS plan as at December 31, 2015 indicates the Plan is not fully funded and the plan's December 31, 2015 financial statements indicate a deficit of \$6.98 billion (less an additional \$1.7 billion of deferred gains that must be recognized over the next four years). The plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Centre's contributions accounted for 0.0108% of the plan's total employer contributions. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

9. INVESTED IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	<u>2015</u>	<u>2014</u>
Capital assets	\$ 129,775	\$ 82,872
Amounts financed by deferred capital contributions	<u>(60,858)</u>	<u>(300)</u>
	<u>\$ 68,917</u>	<u>\$ 82,572</u>

Change in net assets invested in capital assets is calculated as follows:

	<u>2015</u>	<u>2014</u>
Net revenue over expenses (expenses over revenue)		
Amortization of deferred capital contributions	\$ 15,514	\$ 403
Amortization of capital assets	<u>(59,109)</u>	<u>(78,638)</u>
	<u>\$ (43,595)</u>	<u>\$ (78,235)</u>
Net investment in capital assets		
Capital assets acquired	\$ 106,012	\$ 77,784
Amounts financed by deferred capital contributions	<u>(76,072)</u>	<u>-</u>
	<u>\$ 29,940</u>	<u>\$ 77,784</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

10. FUND AND TRUSTEESHIP BALANCES

The Fund and Trusteeship balances can be summarized as follows:

	<u>2015</u>	<u>2014</u>
Fund balances:		
Building Fund	\$ 34,026	\$ 75,000
AIDS Memorial Fund	64,238	65,247
AIDS Vigil Fund	2,872	(4,592)
Trusteeship balances:		
ORAD	3,231	2,924
HOLA	1,270	1,270
Senior Pride Network	7,737	6,422
Kyle Scanlon Memorial Fund	8,845	3,845
Will Munro Fund	28,231	28,629
Recreation Centre Capital Campaign Fund	2,967	1,950
Open Streets	<u>40</u>	<u>-</u>
	<u>\$ 153,457</u>	<u>\$ 180,706</u>

Schedule B to these financial statements reflects the revenue, expenditures and surplus of the above noted Funds and trusteeships.

(a) The AIDS Vigil Fund

This fund was established in 1998 to fund expenditures related to the AIDS Candlelight Vigil. This event is held annually in June to remember those who have died from AIDS.

(b) The AIDS Memorial Fund

Since 1990, the Board has accepted donations for the establishment of an AIDS Memorial. This is a joint project between the City, the Board of Management of the 519 Church Street Community Centre, various funding agencies including other charitable foundations and individual and corporate donors. The AIDS Memorial Fund was established to fund expenditures related to the AIDS Memorial, which is located in Cawthra Park.

(c) Building Fund

In 2000 the Board of Management commenced a capital campaign to renovate the existing building and build a new addition to the south side. The Board of Management in partnership with the City of Toronto agreed to cost share the project. The building project was completed in 2010. The Centre's contribution towards the capital renovations was \$980,000. The Centre also raised funds to pay for the replacement of the furnishings, throughout the building and meeting/conference rooms as well as replacing and upgrading the IT infrastructure, and a number of other building upgrades that were not part of the capital project.

On a go-forward basis the Centre will continue to raise funds where possible to pay for capital expenses below \$50,000 to meet its obligations under the Relationship Framework.

(d) Recreation Centre Capital Campaign

In 2013 the Centre in partnership with a private philanthropic donor and the City of Toronto, began working together to investigate the feasibility of building the first ever Sport and Recreation centre focused on LGBT inclusion in sport and recreation. As part of the agreement the Centre has committed to raise a portion of the project costs by way of a capital campaign.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

10. FUND AND TRUSTEESHIP BALANCES - Cont'd.

(e) ORAD Fund

ORAD is a social and support group for Deaf Gay Men, Lesbians, Bisexuals and Trans People. Their project, Austin Unbound, brought the film regarding a Deaf man's choice to get a double mastectomy. The film was followed by a discussion with the filmmaker, Eliza Greenwood about issues faced by Austin. This provided an outreach opportunity to Deaf Transsexual and Transgender people, and an educational event for the membership of ORAD.

(f) HOLA Fund

HOLA is a social and support group for Spanish speaking Gay Men, Lesbians, Bisexuals and Trans People. The project is meant to increase their visibility in the community through supporting their social events and their Pride Week activities. This is a trusteeship taken on by the Centre because HOLA is a community group within the Centre's space use structure.

(g) Senior Pride Network

The Senior Pride Network is an association committed to promoting the delivery of appropriate positive community and health services for older gay, lesbian, bisexual, transgender, transsexual, intersexed and 2 Spirited people in Toronto. In 2011, the Centre with approval from the Network expanded its role of trustee to be responsible for the coordination and delivery of the Senior's conference and other funding applications.

(h) The Kyle Scanlon Memorial Fund

Created in 2012 as a legacy in memory of Kyle Scanlon, a much-loved trans activist and 519 staffer. The Kyle Scanlon Memorial Fund is intended to support projects and initiatives important to members of Toronto's trans community. The Centre is working with the community and members of Kyle's family to finalize the formal mandate for the Fund. It is expected to be launched in 2016.

(i) The Will Munro Fund for Queer and Trans People Living with Cancer

Established in 2010 by the friends and family of Will Munro, the Will Munro Fund for Queer and Trans People Living with Cancer will serve as a dedicated emergency relief fund offering financial assistance to LGBTQ people of all ages who are currently living with cancer in Ontario.

(j) Open Streets Toronto

Open Streets deliver community recreation events in the City of Toronto. It is meant to be open, accessible, and inclusive to all persons in the City of Toronto. Funding was received from various donors. The agreement with the Centre is from July 28, 2015 to December 31, 2015. The Centre acted as a trustee. The organization was set up mainly for the Pan Am Games.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

11. 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.

	2015 Budget (unaudited)	2015	2014
Administration expenses:			
Salaries and wages	\$ 764,980	\$ 790,187	\$ 735,067
Employee benefits	217,782	200,007	190,236
Materials and supplies	153,111	163,103	161,871
Purchase of services	<u>142,945</u>	<u>135,722</u>	<u>142,262</u>
	<u>\$ 1,278,818</u>	<u>\$ 1,289,019</u>	<u>\$ 1,229,436</u>
Centre's actual administration revenue:			
Administration budget		<u>\$ 1,278,818</u>	<u>\$ 1,219,991</u>
Centre's actual administration expenses:			
Administration expenses per statement of operations		1,289,319	1,229,436
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto		3,833	7,873
Amortization of capital assets (administration)		(300)	(403)
Difference between funding received and budgeted			145
Amortization of deferred capital contributions		<u>300</u>	<u>403</u>
		<u>1,293,152</u>	<u>1,237,454</u>
Administration expenses over approved budget		<u>\$ 14,334</u>	<u>\$ 17,463</u>

The over expenditure of \$14,334 (2014 - \$17,463) is included in the account receivable from the City of Toronto.

12. GRANTS - PROVINCE OF ONTARIO

The grants revenue recognized from the Province of Ontario includes \$72,000 (2014 - \$28,000) of funds received from the Para Pan Am Games Secretariat. The expenses related to the funding are included in Sport and Recreation Initiatives expenses in Schedule A.

13. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
SCHEDULE OF PROGRAM EXPENDITURES BY ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	2015	2014
General	\$ 220,016	\$ 124,864
Fundraising, Philanthropy & Membership	286,553	306,935
Community Events, Green Space and Partnership Initiatives	706,869	863,552
Community Programs/Services		
Child and Family Programs	168,812	188,717
Community Food and Drop-in Programs	277,043	216,861
Community Support Services	161,605	135,450
Newcomer Services	344,401	321,568
Sport and Recreation Initiatives (note 12)	<u>799,173</u>	<u>525,646</u>
	1,751,034	1,388,242
Social/Productive Enterprises		
Social Enterprise - Restaurant and Catering	596,742	564,073
Social Enterprise - Education and Training Initiatives	515,817	404,056
Social Enterprise - Rentals and Sales	<u>856</u>	<u>24,620</u>
	1,113,415	992,749
Recreation Centre Development	432,684	344,455
Amortization of Capital Assets	<u>58,809</u>	<u>78,235</u>
	<u>\$ 4,569,380</u>	<u>\$ 4,099,032</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
SCHEDULE OF OPERATIONS AND CHANGE IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2015

	<u>AIDS Vigil</u>		<u>AIDS Memorial</u>		<u>Building</u>		<u>Recreation Centre Capital Campaign</u>		<u>ORAD</u>		<u>Total Funds</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue												
Donation, grants, and fundraising	\$ 16,583	\$ 31,695	\$ 1,225	\$ 625	\$ -	\$ 43,568	\$ 1,017	\$ 1,950	\$ 195	\$ 5,123	\$ 19,020	\$ 82,961
Expenses												
Salaries and benefits	-	-	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	40,974	-	-	-	-	-	40,974	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-
Material, supplies and services	9,119	27,667	2,234	3,462	-	-	-	-	(112)	6,313	11,241	37,442
	<u>9,119</u>	<u>27,667</u>	<u>2,234</u>	<u>3,462</u>	<u>40,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112)</u>	<u>6,313</u>	<u>52,215</u>	<u>37,442</u>
Excess of revenue over expenses (expenses over revenue)	7,464	4,028	(1,009)	(2,837)	(40,974)	43,568	1,017	1,950	307	(1,190)	(33,195)	45,519
Balance, beginning of year	<u>(4,592)</u>	<u>(8,620)</u>	<u>65,247</u>	<u>68,084</u>	<u>75,000</u>	<u>31,432</u>	<u>1,950</u>	<u>-</u>	<u>2,924</u>	<u>4,114</u>	<u>140,529</u>	<u>95,010</u>
Balance, end of year	<u>\$ 2,872</u>	<u>\$ (4,592)</u>	<u>\$ 64,238</u>	<u>\$ 65,247</u>	<u>\$ 34,026</u>	<u>\$ 75,000</u>	<u>\$ 2,967</u>	<u>\$ 1,950</u>	<u>\$ 3,231</u>	<u>\$ 2,924</u>	<u>\$ 107,334</u>	<u>\$ 140,529</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
SCHEDULE OF OPERATIONS AND CHANGE IN FUND BALANCES - Cont'd.
YEAR ENDED DECEMBER 31, 2015

	HOLA		Senior Pride Network		Kyle Scanlon Memorial Fund		Will Munro Fund		OpenStreetTO		Total Funds and Trusteeships	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue												
Donation, grants, and fundraising	\$ -	\$ -	\$ 1,539	\$ 50	\$ 5,000	\$ 3,845	\$ 402	\$ 28,629	\$ 115,060	\$ -	\$ 141,021	\$ 115,485
Expenses												
Salaries and benefits	-	-	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	-	-	40,974	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-
Material, supplies and services	-	-	224	-	-	-	800	-	115,020	-	127,285	37,442
	<u>-</u>	<u>-</u>	<u>224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>115,020</u>	<u>-</u>	<u>168,259</u>	<u>37,442</u>
Excess of revenue over expenses (expenses over revenue)	-	-	1,315	50	5,000	3,845	(398)	28,629	40	-	(27,238)	78,043
Interfund transfers	-	-	-	-	-	-	-	-	-	-	-	-
Balance, beginning of year	<u>1,270</u>	<u>1,270</u>	<u>6,422</u>	<u>6,383</u>	<u>3,845</u>	<u>-</u>	<u>28,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,695</u>	<u>102,663</u>
Balance, end of year	<u>\$ 1,270</u>	<u>\$ 1,270</u>	<u>\$ 7,737</u>	<u>\$ 6,433</u>	<u>\$ 8,845</u>	<u>\$ 3,845</u>	<u>\$ 28,231</u>	<u>\$ 28,629</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 153,457</u>	<u>\$ 180,706</u>

March 30, 2016

Board of Management for the 519 Church Street Community Centre
519 Church Street
Toronto, Ontario
M4Y 2C9

PRIVATE AND CONFIDENTIAL

Attention: Ms. Maura Lawless,
Executive Director

Dear Madam:

Re: Audit of the December 31, 2015 Financial Statements

During the course of our audit of the financial statements for the year ended December 31, 2015, we did not identify any matters which would be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from management and their staff.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

Welch LLP



Per: Bryan Haralovich, CA, CPA, CPA (Illinois)