

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR THE CECIL 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 CECIL STREET COMMUNITY CENTRE**

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

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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 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, net expenses over revenue and cash flow from operations for the years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014 and 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 Cecil 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
April 28, 2016.

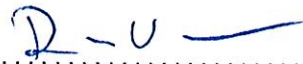
BOARD OF MANAGEMENT FOR THE CECIL STREET COMMUNITY CENTRE

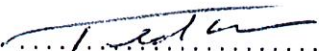
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and short-term investments	\$ 139,876	\$ 123,593
Accounts receivable - City of Toronto (vacation payable)	8,026	8,150
Accounts receivable - Other	4,035	4,346
Prepaid expenses	<u>2,733</u>	<u>3,281</u>
	154,670	139,370
ACCOUNTS RECEIVABLE - CITY OF TORONTO (note 6)	<u>175,822</u>	<u>173,103</u>
	<u>\$ 330,492</u>	<u>\$ 312,473</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities - City of Toronto (note 8)	\$ 12,154	\$ 8,797
Accounts payable and accrued liabilities - Other	75,948	90,244
Deferred contributions (note 5)	<u>21,300</u>	<u>-</u>
	109,402	99,041
POST-EMPLOYMENT BENEFITS PAYABLE (note 6)	<u>175,822</u>	<u>173,103</u>
	<u>285,224</u>	<u>272,144</u>
NET ASSETS		
Board designated reserve (note 7)	40,329	45,100
Unrestricted	<u>4,939</u>	<u>(4,771)</u>
	45,268	40,329
	<u>\$ 330,492</u>	<u>\$ 312,473</u>

Approved by the Board:


..... Chair


..... Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CECIL STREET COMMUNITY CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	Board Designated <u>Reserve</u>	<u>Unrestricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Net assets, beginning of year	\$ 45,100	\$ (4,771)	\$ 40,329	\$ 51,198
Net revenue over expenses	-	4,939	4,939	(10,869)
Interfund transfer	<u>(4,771)</u>	<u>4,771</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 40,329</u>	<u>\$ 4,939</u>	<u>\$ 45,268</u>	<u>\$ 40,329</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CECIL 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	\$ 4,970	\$ 700,608	\$ 705,578	\$ 693,611
Province of Ontario	19,956	-	19,956	20,415
Government of Canada	<u>5,923</u>	<u>-</u>	<u>5,923</u>	<u>5,961</u>
	<u>30,849</u>	<u>700,608</u>	<u>731,457</u>	<u>719,987</u>
Rentals	28,153	-	28,153	19,369
Program fees	10,758	-	10,758	9,109
Donations	8,117	-	8,117	1,405
Fundraising	10,093	-	10,093	7,435
Interest	1,485	-	1,485	1,647
Other income	<u>741</u>	<u>-</u>	<u>741</u>	<u>996</u>
	<u>90,196</u>	<u>700,608</u>	<u>790,804</u>	<u>759,948</u>
Expenses				
Salaries and Wages	67,012	491,988	559,000	544,690
Employee benefits	7,816	124,549	132,365	125,677
Materials and supplies	4,271	28,419	32,690	33,763
Purchase of service	<u>6,158</u>	<u>55,652</u>	<u>61,810</u>	<u>66,687</u>
	<u>85,257</u>	<u>700,608</u>	<u>785,865</u>	<u>770,817</u>
Net revenue over expenses				
(expenses over revenue)	<u>\$ 4,939</u>	<u>\$ -</u>	<u>\$ 4,939</u>	<u>\$ (10,869)</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CECIL 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)	\$ 4,939	\$ (10,869)
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto (vacation payable)	124	1,447
Accounts receivable - Other	311	3,224
Prepaid expenses	548	(2,606)
Long-term account receivable - City of Toronto	2,719	3,770
Accounts payable and accrued liabilities - City of Toronto	3,357	146
Accounts payable and accrued liabilities - Other	(14,296)	16,743
Deferred contributions	21,300	-
Post-employment benefits payable	<u>(2,719)</u>	<u>(3,770)</u>
	<u>16,283</u>	<u>8,085</u>
INCREASE IN CASH AND SHORT-TERM INVESTMENTS	16,283	8,085
CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF YEAR	<u>123,593</u>	<u>115,508</u>
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR	<u>\$ 139,876</u>	<u>\$ 123,593</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CECIL 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 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 recreation centre under the authority of the Municipal Act, known as Cecil 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 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.

Rental and similar revenues are recognized on the date of the performance or event.

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.

Financial instruments

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

The Centre subsequently measures all 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 accounts payable and accrued liabilities.

BOARD OF MANAGEMENT FOR THE CECIL STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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

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 eligible 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 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.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards for government not-for-profits 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.

BOARD OF MANAGEMENT FOR THE CECIL STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

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 accounts payable and accrued liabilities.

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 and the interest rate exposure related to these financial instruments is negligible.

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 this item 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 changes in the Centre's risk exposures from the prior year.

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>
Furniture and fixtures	\$ 18,097	\$ 18,097	\$ 18,097	\$ 18,097
Accumulated amortization	<u>18,097</u>		<u>18,097</u>	
	<u>\$ -</u>		<u>\$ -</u>	

BOARD OF MANAGEMENT FOR THE CECIL STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

5. DEFERRED CONTRIBUTIONS

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ -	\$ -
Add: Funds received	752,757	719,987
Less: Amounts recognized as revenue	<u>(731,457)</u>	<u>(719,987)</u>
Balance, end of year	<u>\$ 21,300</u>	<u>\$ -</u>

6. POST EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM ACCOUNT RECEIVABLE

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. Upon the effective date, individual sick banks were locked with no further accumulation. 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. 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%

BOARD OF MANAGEMENT FOR THE CECIL STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

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

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	\$ 120,303	\$ 47,359
Post retirement benefits	<u>102,857</u>	<u>133,027</u>
	223,160	180,386
Unamortized actuarial gain (loss)	<u>(47,338)</u>	<u>(7,283)</u>
Post-employment benefit liability	<u>\$ 175,822</u>	<u>\$ 173,103</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 173,103	\$ 169,333
Current service cost	3,149	2,797
Interest cost	6,015	6,849
Amortization of actuarial gain	1,646	454
Expected benefits paid	<u>(8,091)</u>	<u>(6,330)</u>
Balance, end of year	<u>\$ 175,822</u>	<u>\$ 173,103</u>

Expenditures relating to employee benefits are included in administration employee benefits on the statement of operations in the amount of \$2,719 (2014 - \$3,770) and include the following components:

	<u>2015</u>	<u>2014</u>
Current service cost	\$ 3,149	\$ 2,797
Interest cost	6,015	6,849
Amortization of actuarial gain	1,646	454
Expected benefits paid	<u>(8,091)</u>	<u>(6,330)</u>
Total expenditures related to post-retirement and post-employment benefits	<u>\$ 2,719</u>	<u>\$ 3,770</u>

A long term receivable from the City of \$175,822 (2014 - \$173,103) has resulted from the recording of 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 \$42,894 in 2015 (2014 - \$41,615).

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 0.0024% of the plan's total employer contribution. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

BOARD OF MANAGEMENT FOR THE CECIL STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

7. BOARD DESIGNATED RESERVE

In 1992, the Board created a reserve for the establishment of new and expanded programs in future years. In 2015, the Board approved a transfer from the reserve account in the amount of \$4,771 (2014 - \$NIL).

8. 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 <u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Administration expenses:			
Salaries and wages	\$ 482,114	\$ 491,988	\$ 480,239
Employee benefits	130,210	124,549	118,285
Materials and supplies	32,200	28,419	28,819
Purchase of services	<u>56,100</u>	<u>55,652</u>	<u>61,404</u>
	<u>\$ 700,624</u>	<u>\$ 700,608</u>	<u>\$ 688,747</u>
Centre's actual administration revenue:			
Administration budget		<u>\$ 700,624</u>	<u>\$ 685,100</u>
Centre's actual administration expenses:			
Administration expenses per statement of operations		700,608	688,746
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto		(2,719)	(3,770)
Difference between funding received and budgeted		<u>(112)</u>	<u>(109)</u>
		<u>697,777</u>	<u>684,867</u>
Administration expenses under approved budget		<u>\$ 2,847</u>	<u>\$ 233</u>

The under expenditure of \$2,847 in 2015 (2014 - \$233) is included in account payable to the City of Toronto.

April 26, 2016

Board of Management for the Cecil Street Community Centre
58 Cecil Street
Toronto, Ontario
M5T 1N6
PRIVATE AND CONFIDENTIAL

Attention: Ms. Julie Goldstein

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 the Finance Director and her 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



Bryan Haralovich, CPA, CA, CPA (Illinois)