

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR THE EASTVIEW
NEIGHBOURHOOD 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 BOARD OF MANAGEMENT FOR THE EASTVIEW
NEIGHBOURHOOD COMMUNITY CENTRE**

We have audited the accompanying financial statements of the Board of Management for the Eastview Neighbourhood 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 revenue, net revenue over expenses and cash flows 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 Eastview Neighbourhood 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 18, 2016.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 134,064	\$ 58,709
Short-term investments (note 5)	353,016	281,366
Accounts receivable - City of Toronto	10,397	16,538
Accounts receivable - other	23,359	29,143
Prepaid expenses	<u>9,630</u>	<u>16,700</u>
	530,466	402,456
CAPITAL ASSETS (note 6)	15,472	5,852
ACCOUNT RECEIVABLE - CITY OF TORONTO (note 10)	195,159	178,442
BURSARY TRUST ACCOUNT (note 11)	<u>563</u>	<u>1,812</u>
	<u>\$ 741,660</u>	<u>\$ 588,562</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 13)	\$ 92,415	\$ 50,892
Deferred contributions (note 7)	<u>127,623</u>	<u>117,472</u>
	220,038	168,364
DEFERRED CAPITAL CONTRIBUTION (note 8)	87,672	5,852
POST-EMPLOYMENT BENEFITS PAYABLE (note 10)	195,159	178,442
BURSARY TRUST ACCOUNT (note 11)	<u>563</u>	<u>1,812</u>
	<u>503,432</u>	<u>354,470</u>
NET ASSETS		
Invested in capital assets (note 9)	10,800	-
Board designated reserve (note 12)	133,360	133,360
Unrestricted	<u>94,068</u>	<u>100,732</u>
	<u>238,228</u>	<u>234,092</u>
	<u>\$ 741,660</u>	<u>\$ 588,562</u>

Approved by the Board:

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Chair

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Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	<u>Invested in capital assets</u> (note 9)	<u>Board designated reserve</u>	<u>Unrestricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Net assets, beginning of year	\$ -	\$ 133,360	\$ 100,732	\$ 234,092	\$ 227,985
Net revenue over expenses (expenses over revenue)	(1,200)	-	5,336	4,136	6,107
Investment in capital assets - net	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 10,800</u>	<u>\$ 133,360</u>	<u>\$ 94,068</u>	<u>\$ 238,228</u>	<u>\$ 234,092</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2015

	<u>Program</u>	<u>Administration</u>	<u>2015</u>	<u>2014</u>
Revenue				
City of Toronto - Administration	\$ -	\$ 561,078	\$ 561,078	\$ 500,345
Grants				
United Way	350,276	-	350,276	360,602
City of Toronto (note 16)	171,386	-	171,386	162,062
Foundations	122,329	-	122,329	123,008
Province of Ontario (note 16)	105,796	-	105,796	112,144
Government of Canada	84,475	-	84,475	82,167
Amortization of deferred capital contributions	<u>1,180</u>	<u>-</u>	<u>1,180</u>	<u>49</u>
	835,442	561,078	1,396,520	1,340,377
Program income	191,019	-	191,019	129,186
Donations	27,074	-	27,074	33,422
Fundraising	27,799	-	27,799	29,048
Funds from Massey Centre	18,955	-	18,955	17,823
Memberships	7,630	-	7,630	5,585
Interest income	<u>4,212</u>	<u>-</u>	<u>4,212</u>	<u>4,375</u>
	<u>1,112,131</u>	<u>561,078</u>	<u>1,673,209</u>	<u>1,559,816</u>
Expenses				
Salaries and wages	741,089	376,331	1,117,420	1,000,251
Employee benefits	183,680	106,112	289,792	297,707
Materials and supplies	106,714	28,868	135,582	133,216
Purchase of services	74,132	49,767	123,899	122,486
Amortization of capital assets	<u>2,380</u>	<u>-</u>	<u>2,380</u>	<u>49</u>
	<u>1,107,995</u>	<u>561,078</u>	<u>1,669,073</u>	<u>1,553,709</u>
Net revenue over expenses	<u>\$ 4,136</u>	<u>\$ -</u>	<u>\$ 4,136</u>	<u>\$ 6,107</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD 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	\$ 4,136	\$ 6,107
Adjustments for:		
Amortization of capital assets	2,380	49
Amortization of deferred capital contributions	<u>(1,180)</u>	<u>(49)</u>
	5,336	6,107
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto	6,141	109,002
Accounts receivable - other	5,784	(17,671)
Prepaid expenses	7,070	(16,700)
Long term account receivable - City of Toronto	(16,717)	(28,946)
Accounts payable and accrued liabilities - City of Toronto	-	(79,331)
Accounts payable and accrued liabilities	41,523	(8,730)
Deferred contributions	10,151	(6,673)
Post-employment benefits payable	<u>16,717</u>	<u>28,946</u>
Cash flows provided from (used in) operating activities	<u>76,005</u>	<u>(13,996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred capital contribution	<u>83,000</u>	<u>5,901</u>
Cash flows provided from financing activities	<u>83,000</u>	<u>5,901</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets - Program	(12,000)	(5,901)
Purchase of investments	<u>(71,650)</u>	<u>(53,422)</u>
Cash flows used in investing activities	<u>(83,650)</u>	<u>(59,323)</u>
INCREASE (DECREASE) IN CASH	75,355	(67,418)
CASH, AT BEGINNING OF YEAR	<u>58,709</u>	<u>126,127</u>
CASH, AT END OF YEAR	\$ <u>134,064</u>	\$ <u>58,709</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD 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 the premises at 86 Blake Street, Toronto, as a community centre under the authority of the Municipal Act, known as Eastview Neighbourhood 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. FINANCIAL STATEMENTS

The Municipal Code requires that audited annual financial statements be submitted by the Board of Management for the Centre to the City covering the management and control of the premises by the Board. However, since the revenue and expenditure from programs include the operations of the East Toronto Family Community Centre, a registered charitable organization, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the East Toronto Family Community Centre as a whole, including the Eastview Neighbourhood Community Centre.

3. 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.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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, accounts receivable and amounts in trust. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts in trust.

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
Automotive 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 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.

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.

4. **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 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 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 organization's risk exposures from the prior year.

5. **INVESTMENTS**

The investments consist of GICs with maturity dates ranging from July 24, 2016 to February 11, 2017 and interest rates ranging from 1.00% to 2.10%.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2015

6. 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				
Computers	\$ 7,650	\$ 7,650	\$ 7,650	\$ 7,650
Program				
Furniture and equipment	98,890	94,218	98,890	93,038
Automotive equipment	<u>12,000</u>	<u>1,200</u>	<u>-</u>	<u>-</u>
	118,540	<u>\$ 103,068</u>	106,540	<u>\$ 100,688</u>
Accumulated amortization	<u>103,068</u>		<u>100,688</u>	
Net book value	<u>\$ 15,472</u>		<u>\$ 5,852</u>	

7. DEFERRED CONTRIBUTIONS

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 117,472	\$ 124,145
Add: Funds received	1,405,491	1,333,704
Less: Amounts recognized as revenue	<u>(1,395,340)</u>	<u>(1,340,377)</u>
Balance, end of year	<u>\$ 127,623</u>	<u>\$ 117,472</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 5,852	\$ -
Add: Funds received	83,000	5,901
Less: Amortization of deferred capital contributions	<u>(1,180)</u>	<u>(49)</u>
Balance, end of year	<u>\$ 87,672</u>	<u>\$ 5,852</u>

9. INVESTED IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	<u>2015</u>	<u>2014</u>
Capital assets	\$ 15,472	\$ 5,852
Amounts financed by deferred capital contributions	(87,672)	(5,852)
Deferred capital contributions for asset not yet acquired	<u>83,000</u>	<u>-</u>
	<u>\$ 10,800</u>	<u>\$ -</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	\$ 1,180	\$ 49
Amortization of capital assets	<u>(2,380)</u>	<u>(49)</u>
	<u>\$ (1,200)</u>	<u>\$ -</u>
Net investment in capital assets		
Capital assets acquired	\$ 12,000	\$ 5,901
Amounts financed by deferred capital contributions	(83,000)	(5,901)
Deferred capital contributions for asset not yet acquired	<u>83,000</u>	<u>-</u>
	<u>\$ 12,000</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

10. **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 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, 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%
- 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	\$ 10,292	\$ 46,692
Post-employment income benefits	-	346,502
Continuation of benefits to disabled employees	-	213,534
Post-retirement benefits	<u>119,122</u>	<u>163,768</u>
	129,414	770,496
Add: Unamortized actuarial gain (loss)	<u>65,745</u>	<u>(592,054)</u>
Employee benefit liability	<u>\$ 195,159</u>	<u>\$ 178,442</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 178,442	\$ 149,496
Current service cost	5,448	5,226
Interest cost	21,997	26,919
Amortization of actuarial loss	49,699	45,949
Expected benefits paid	<u>(60,427)</u>	<u>(49,148)</u>
Balance, end of year	<u>\$ 195,159</u>	<u>\$ 178,442</u>

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

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

Expenditures relating to employee benefits are included as administration employee benefits on the statement of operations in the amount of \$16,717 (2014 - \$28,946).

	<u>2015</u>	<u>2014</u>
Current service cost	\$ 5,448	\$ 5,226
Interest cost	21,997	26,919
Amortization of actuarial loss	49,699	45,949
Expected benefits paid	<u>(60,427)</u>	<u>(49,148)</u>
Total expenditures related to post-retirement and post-employment benefits	<u>\$ 16,717</u>	<u>\$ 28,946</u>

A long-term receivable of \$195,159 (2014 - \$178,442) from the City 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 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 \$78,827 in 2015 (2014 - \$75,339).

The most recent actuarial valuation of the 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 0.0043% 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.

11. **BURSARY TRUST ACCOUNT**

A special trust account to assist students in pursuing post secondary school education was created in 1982 by the senior citizens' group affiliated with the East Toronto Family Community Centre. The unexpended balance at December 31, 2015 was \$563 (2014 - \$1,812).

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

12. RESERVES

	<u>2015</u>	<u>2014</u>
Capital / Project Reserve	\$ 63,192	\$ 63,192
Administrative Contingency Reserve	<u>70,168</u>	<u>70,168</u>
	<u>\$ 133,360</u>	<u>\$ 133,360</u>

The Capital/Project Reserve is restricted to expenditures of a capital/project nature as approved by the Committee of Management/Board of Directors.

The Administrative Contingency Reserve consists of Committee of Management/Board of Directors approved transfers of monies from the Centre's program surplus to provide a contingency fund for essential administrative costs. Interest earned on the reserve balance is recorded as program revenue.

13. PERINATAL AND NUTRITION SUPPORT PROGRAM

The Centre acts as trustee for the allocation of funds received from the Government of Canada to the five partners of the Toronto South East Coalition of Perinatal Nutrition and Support Programs. During 2015, the Centre received \$197,627 (2014 - \$201,583) from the Federal Government. The Centre distributed \$153,764 (2014 - \$200,533) to the Coalition partners. At December 31, 2015, there was \$44,913 (2014 - \$1,050) of undistributed funds included in other accounts payable and accrued liabilities. The allocation of funds to each partner is approved by the coalition. The Centre, as a partner, records only its share of revenue and staff costs in these financial statements.

The partners, including the Centre, were allocated the following amounts:

	<u>2015</u>	<u>2014</u>
Eastview Neighbourhood Community Centre	\$ 58,980	\$ 64,246
Regent Park Community Health Centre	28,917	44,259
June Callwood Centre for Women & Families	19,871	26,117
Hincks-Dellcrest Centre	24,261	34,428
Applegrove Community Complex	18,735	26,915
Staff costs shared	<u>3,000</u>	<u>4,568</u>
	<u>\$ 153,764</u>	<u>\$ 200,533</u>

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

14. 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 repayable 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 expenditure:			
Salaries and wages	\$ 389,062	\$ 376,331	\$ 324,022
Employee benefits	113,169	106,112	123,688
Materials and supplies	13,721	28,868	13,072
Purchase of services	<u>31,390</u>	<u>49,767</u>	<u>39,563</u>
	<u>\$ 547,342</u>	<u>\$ 561,078</u>	<u>\$ 500,345</u>
Centre's actual administration revenue:			
Administration budget		<u>\$ 547,342</u>	<u>\$ 536,701</u>
Centre's actual administration expense:			
Administration expenses		561,078	500,345
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long-term accounts receivable - City of Toronto		(16,717)	(28,946)
Severance payment liability included in 2013 accounts receivable - City of Toronto, funded by the City and paid in 2014		-	78,319
Vacation pay liability, not funded by the City until paid, that are included in accounts receivable - City of Toronto		<u>3,173</u>	<u>(11,024)</u>
		<u>547,534</u>	<u>538,694</u>
Administration expenditure over approved budget		<u>\$ (192)</u>	<u>\$ (1,993)</u>

The over expenditure of \$192 (2014 - \$1,993) is included in accounts receivable from the City.

15. LINE OF CREDIT

The Centre has a \$50,000 operating line of credit at prime plus 1%. As security, the Centre has granted a security interest in all personal property of the Centre as well as pledging a Term Deposit with a value of \$50,000. At year end the operating line of credit has a nil balance (2014 - nil)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

16. GRANTS

The grants revenue recognized from the City of Toronto and Province of Ontario are comprised of the following:

	<u>2015</u>	<u>2014</u>
City of Toronto:		
Children's Services - family resource centre	\$ 100,348	\$ 92,436
Children's Services - summer day camp program	8,058	7,951
Community Resources Section - community service partnerships (CSP)	<u>62,980</u>	<u>61,675</u>
	<u>\$ 171,386</u>	<u>\$ 162,062</u>
Province of Ontario:		
Ministry of Citizenship and Immigration - Newcomer settlement program (NSP)	\$ 56,330	\$ 62,678
Ministry of Health and Long-Term Care - Seniors resources	<u>49,466</u>	<u>49,466</u>
	<u>\$ 105,796</u>	<u>\$ 112,144</u>

In addition, the Centre operates various programs supervised by the City of Toronto's Children's Services Division as follow:

	<u>Family Resources</u>	<u>Summer Camp - Eastview</u>	<u>Summer Camp - Holy Cross</u>	<u>2015</u>	<u>2014</u>
Revenue					
City of Toronto	\$ 100,348	\$ 6,919	\$ 1,139	\$ 108,406	\$ 100,387
Other revenue	<u>7,253</u>	<u>38,592</u>	<u>31,843</u>	<u>77,688</u>	<u>62,152</u>
	107,601	45,511	32,982	186,094	162,539
Expenses					
Wages and benefits	114,168	36,068	26,698	176,934	165,522
Other expense	<u>3,040</u>	<u>7,700</u>	<u>4,346</u>	<u>15,086</u>	<u>19,101</u>
	<u>117,208</u>	<u>43,768</u>	<u>31,044</u>	<u>192,020</u>	<u>184,623</u>
Surplus (deficit)	<u>\$ (9,607)</u>	<u>\$ 1,743</u>	<u>\$ 1,938</u>	<u>\$ (5,926)</u>	<u>\$ (22,084)</u>

April 20, 2016

Board of Management for the Eastview Neighbourhood Community Centre
86 Blake Street
Toronto, Ontario
M4J 3C9

PRIVATE AND CONFIDENTIAL

Attention: Mr. Kerry Bowser,
Executive Director

Dear Sir:

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 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



Bryan Haralovich, CPA, CA
Partner