

**FINANCIAL STATEMENTS**  
**For**  
**BOARD OF MANAGEMENT FOR SCADDING COURT 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 SCADDING COURT COMMUNITY CENTRE**

We have audited the accompanying financial statements of the Board of Management for Scadding Court Community Centre, which comprise the statement of financial position as at December 31, 2015, the statements of operations and 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 audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Management for Scadding Court 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.



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
March 29, 2016.

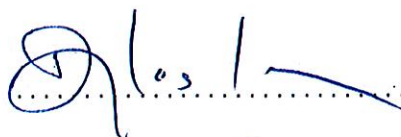
**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 24,141	\$ 21,446
Accounts receivable - City of Toronto (note 8)	17,917	6,392
Accounts receivable - City of Toronto (vacation payable)	27,234	44,063
Accounts receivable - Scadding Court Community Centre, Inc.	611	-
Accounts receivable - Other	6,947	27,099
Prepaid expenses	<u>3,623</u>	<u>2,844</u>
	<u>80,473</u>	<u>101,844</u>
 <b>ACCOUNTS RECEIVABLE - CITY OF TORONTO</b> (note 6)	 499,094	 473,803
 <b>CAPITAL ASSETS</b> (note 5)	 <u>1,306</u>	 <u>1,959</u>
	<u>500,400</u>	<u>475,762</u>
	<u>\$ 580,873</u>	<u>\$ 577,606</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities - City of Toronto	\$ 3,859	\$ 10,156
Accounts payable and accrued liabilities - Scadding Court Community Centre, Inc.	173	929
Accounts payable and accrued liabilities - Vacation Payable	27,234	44,063
Accounts payable and accrued liabilities - Other	<u>49,207</u>	<u>46,696</u>
	<u>80,473</u>	<u>101,844</u>
 <b>DEFERRED CAPITAL CONTRIBUTIONS</b> (note 7)	 1,306	 1,959
 <b>POST-EMPLOYMENT BENEFITS PAYABLE</b> (note 6)	 <u>499,094</u>	 <u>473,803</u>
	<u>500,400</u>	<u>475,762</u>
 <b>NET ASSETS</b>	 <u>-</u>	 <u>-</u>
	<u>\$ 580,873</u>	<u>\$ 577,606</u>

Approved by the Board:

 Chair

 Treasurer

(See accompanying notes)

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**  
**STATEMENT OF OPERATIONS AND NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Revenue</b>		
Funds provided by City of Toronto - administration (note 8)	\$ <u>956,858</u>	\$ <u>961,798</u>
<b>Expenses</b>		
Salaries and wages	672,785	663,847
Employee benefits	199,840	215,516
Materials and supplies	48,712	46,813
Purchase of services	35,521	35,622
Amortization of capital assets	653	654
Amortization of deferred capital contributions	<u>(653)</u>	<u>(654)</u>
	<u>956,858</u>	<u>961,798</u>
<b>Net revenue over expenses</b>	-	-
<b>Net assets, beginning of year</b>	<u>-</u>	<u>-</u>
<b>Net assets, end of year</b>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net revenue over expenses	\$ -	\$ -
Adjustments for:		
Amortization of capital assets	653	654
Amortization of deferred capital contributions	<u>(653)</u>	<u>(654)</u>
	-	-
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto	(11,525)	(2,466)
Accounts receivable - City of Toronto (vacation payable)	16,829	(5,146)
Accounts receivable - Scadding Court Community Centre, Inc.	(611)	97
Accounts receivable - Other	20,152	(22,056)
Prepaid expenses	(779)	(38)
Long-term accounts receivable - City of Toronto	(25,291)	(25,847)
Accounts payable and accrued liabilities - City of Toronto	(6,297)	5,742
Accounts payable and accrued liabilities - Scadding Court Community Centre, Inc.	(756)	(2,531)
Accounts payable and accrued liabilities - Vacation Payable	(16,829)	5,146
Accounts payable and accrued liabilities - Other	2,511	37,480
Post-employment benefits payable	<u>25,291</u>	<u>25,847</u>
<b>Cash flows from (used in) operating activities</b>	<u>2,695</u>	<u>16,228</u>
<b>INCREASE IN CASH</b>	2,695	16,228
<b>CASH AT BEGINNING OF YEAR</b>	<u>21,446</u>	<u>5,218</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 24,141</u>	<u>\$ 21,446</u>

(See accompanying notes)

# BOARD OF MANAGEMENT FOR SCADDING COURT 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 707 Dundas Street West, Toronto, as a community recreation centre under the Community Recreation Centres Act, known as Scadding Court Community Centre (the "Centre"). The Centre is a not-for-profit organization and, as such, is exempt from income tax.

The Municipal Code provides for a Council appointed Committee which, among other matters, shall:

- (a) endeavour to manage and control the premises in a reasonable and efficient manner, in accordance with standard good business practices, and
- (b) pay to the City of Toronto (the "City") any excess of administration expenditure funds provided by the City in accordance with its approved annual budget.

### 2. FINANCIAL STATEMENTS

The Municipal Code required that the 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. These financial statements reflect the operations of the Centre relating to administration expenditure funded by the City of Toronto. Effective January 1, 2002, separate financial records were established for Scadding Court Community Centre, Inc., a registered charitable organization, and separate financial statements are prepared for its revenue and expenditure from programs. Details are provided at note 9.

### 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. 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.

#### *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 and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2015**

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

*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 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 post-employment benefit liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains/losses.

*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 SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

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.

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 earns interest at prevailing market rates and the interest rate exposure related to this financial instrument 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 and accounts receivable. The Centre's cash is 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.

5. **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 equipment	\$ 23,739	\$ 22,433	\$ 23,739	\$ 21,780
Accumulated amortization	<u>22,433</u>		<u>21,780</u>	
	<u>\$ 1,306</u>		<u>\$ 1,959</u>	



**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2015**

**6. POST-EMPLOYMENT BENEFITS 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 July 1, 2008, unused sick leave accumulates and eligible retirees are 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 upon length of service and an individual's election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 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>
Post-retirement benefits	\$ 294,346	\$ 367,219
Continuation of benefits to disabled employees	134,949	95,160
Income benefits	168,089	180,567
Sick leave benefits	<u>59,715</u>	<u>89,808</u>
	657,099	732,754
Less: Unamortized actuarial loss	<u>(158,005)</u>	<u>(258,951)</u>
Post-employment benefit liability	<u>\$ 499,094</u>	<u>\$ 473,803</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 473,803	\$ 447,956
Current service cost	15,383	13,787
Interest cost	22,832	26,692
Amortization of actuarial loss	36,986	32,632
Expected benefits paid	<u>(49,910)</u>	<u>(47,264)</u>
Balance, end of year	<u>\$ 499,094</u>	<u>\$ 473,803</u>

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2015**

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

Expenditures relating to employee benefits are included in administration employee benefits on the statement of operations in the amount of \$25,291 (2014 - \$25,847) and include the following components:

	<u>2015</u>	<u>2014</u>
Current service cost	\$ 15,383	\$ 13,787
Interest cost	22,832	26,692
Amortization of actuarial loss	36,986	32,632
Expected benefits paid	<u>(49,910)</u>	<u>(47,264)</u>
 Total expenditure related to post-retirement and post employment benefits	 <u>\$ 25,291</u>	 <u>\$ 25,847</u>

A long-term receivable of \$499,094 (2014 - \$473,803) 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. 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 \$67,812 (2014 - \$62,285).

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 0.0037% 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.

**7. DEFERRED CAPITAL CONTRIBUTIONS**

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,959	\$ 2,613
Less: Amortization of deferred capital contributions	<u>(653)</u>	<u>(654)</u>
Balance, end of year	<u>\$ 1,306</u>	<u>\$ 1,959</u>

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2015**

**8. FUNDS PROVIDED BY THE CITY OF TORONTO - ADMINISTRATION**

Funding for administration expense is provided by the City according to Council approved budgets. Surplus amounts in administration are repayable to the City. Deficits, excluding those for long term employee benefits, are normally to be funded by the Centre unless Council approval has been obtained for additional funding.

	2015 <u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
<b>Administration expenses:</b>			
Salaries and wages	\$ 649,331	\$ 672,785	\$ 663,847
Employee benefits	189,841	199,840	215,516
Materials and supplies	26,520	48,712	46,813
Purchase of services	<u>45,600</u>	<u>35,521</u>	<u>35,622</u>
	<u>\$ 911,292</u>	<u>\$ 956,858</u>	<u>\$ 961,798</u>
 <b>Centre's actual administration revenue:</b>			
Administration budget		\$ 911,292	\$ 892,339
Section 42 funding		<u>25,000</u>	<u>33,000</u>
		<u>936,292</u>	<u>925,339</u>
 <b>Centre's actual administration expenses:</b>			
Administration expenses per statement of operations		956,858	961,798
Adjustments for:			
Post retirement benefits, not funded by the City until paid, that is included in long term accounts receivable - City of Toronto		(25,291)	(25,847)
Unsent section 42 funding repayable		63	
Vacation pay liability, not funded by the City until paid, that are included in accounts receivable - City of Toronto - vacation pay		<u>16,829</u>	<u>(5,146)</u>
		<u>948,459</u>	<u>930,805</u>
 Administration expenses over (under) approved budget		<u>\$ 12,167</u>	<u>\$ 5,466</u>

The over (under) expenditure of \$12,167 (2014 - \$5,466) is included in the accounts receivable from the City of Toronto.

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2015**

**9. CONTROLLED NOT-FOR-PROFIT**

The Centre controls Scadding Court Community Centre, Inc. (the "Charity"), a charitable organization. The Charity runs the Centre's programs. The Charity is incorporated without share capital under the name Scadding Court Community Centre, Inc. and is a registered charity under the Income Tax Act. The Centre provides all administrative resources to the Charity and the Charity operates to assist the Centre in achieving its mandates.

The Charity has not been consolidated in the Centre's financial statements. Financial summaries of the Charity as at December 31, 2015 and 2014 and for the years then ended are as follows:

Financial Position

	<u>2015</u>	<u>2014</u>
Total assets	\$ 1,336,901	\$ 1,160,840
Total liabilities	\$ 524,787	\$ 517,822
Total net assets	<u>812,114</u>	<u>643,018</u>
	<u>\$ 1,336,901</u>	<u>\$ 1,160,840</u>

Results of Operations

	<u>2015</u>	<u>2014</u>
Total revenues	\$ 1,307,841	\$ 1,275,486
Total expenses	<u>1,305,211</u>	<u>1,273,898</u>
Excess revenue over expenses	<u>\$ 2,630</u>	<u>\$ 1,588</u>

Cash Flows

	<u>2015</u>	<u>2014</u>
Cash from operations	\$ 28,048	\$ 67,791
Cash used in investing activities	(87,224)	-
Transfer to reserve account	<u>166,466</u>	<u>100,000</u>
Increase in cash	<u>\$ 107,290</u>	<u>\$ 167,791</u>

April 20, 2016

Board of Management for Scadding Court Community Centre  
707 Dundas Street West  
Toronto, Ontario  
M5T 2E6

**PRIVATE AND CONFIDENTIAL**

Attention: Mr. Kevin Lee

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, CA, CPA, CPA (Illinois)  
Partner