Attachment 4

FINANCIAL STATEMENTS

For

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

For the year ended

DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

CITY OF TORONTO AND THE BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

We have audited the accompanying financial statements of the Board of Management for the Central Eglinton Community Centre, which comprise the statement of financial position as at December 31, 2017 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 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 fundraising revenue, net revenue over expenses and cash flow from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016 and net assets as at January 1 and December 31 for both the 2016 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2016 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 Central Eglinton Community Centre as at December 31, 2017 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 24, 2018.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	$ 63,264	$ 5,781
Investments (note 3)	549,796	434,628
Due from City of Toronto	31,059	34,745
Accounts receivable	14,098	14,706
	658,217	489,860
CAPITAL ASSETS (note 4)	10,465	13,835
DUE FROM CITY OF TORONTO (note 7)	175,896	177,788
	$ 844,578	$ 681,483
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to City of Toronto (note 8)	$ 51,500	$ 39,632
Accounts payable and accrued liabilities	98,964	79,758
Deferred contributions (note 5)	82,737	22,481
	233,201	141,871
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	10,465	13,835
POST-EMPLOYMENT BENEFITS PAYABLE (note 7)	175,896	177,788
	419,562	333,494
NET ASSETS		
Internally restricted (note 3)	42,175	42,175
Unrestricted	382,841	305,814
	425,016	347,989
	$ 844,578	$ 681,483

Approved by the Board:

Jennifer Benedetti Chair

Phyllis Carden .... Treasurer

(See accompanying notes)

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BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

	Internally Restricted	Unrestricted	Total 2017	Total 2016
Net assets, beginning of year	$ 42,175	$ 305,814	$ 347,989	$ 340,608
Net revenue over expenses	-	77,027	77,027	7,381
Net assets, end of year	$ 42,175	$ 382,841	$ 425,016	$ 347,989

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2017

	Parent/Child Program	Summer Camp Program	Older Adult Program	Other Programs	Programs Total	Administr
Revenue						
Grants						
City of Toronto	$ 28,584	$ 7,940	$ 11,778	$ 16,047	$ 64,349	$ 677
Province of Ontario	-	-	25,400	-	25,400	-
Government of Canada	7,488	21,957	-	-	29,445	-
	36,072	29,897	37,178	16,047	119,194	677
Program fees	58,940	45,254	18,192	41,545	163,931	-
Fundraising	-	4,500	-	96,096	100,596	-
Memberships	11,925	2,295	7,150	175	21,545	-
Other revenue	-	-	-	6,973	6,973	-
Rental fees	-	-	-	2,903	2,903	-
Amortization of deferred capital contributions	-	-	-	-	-	3
	106,937	81,946	62,520	163,739	415,142	681
Expenses						
Salaries and wages	100,550	52,909	52,270	29,809	235,538	462
Employee benefits	15,991	4,911	12,781	2,751	36,434	115
Materials and supplies	3,048	6,878	9,826	3,202	22,954	37
Purchase of services	14,912	3,707	8,010	16,560	43,189	62
Amortization of capital assets	-	-	-	-	-	3
	134,501	68,405	82,887	52,322	338,115	681
Net revenue over expenses (expenses over revenue)	$ (27,564)	$ 13,541	$ (20,367)	$ 111,417	$ 77,027	$ -

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue over expenses	$ 77,027	$ 7,381
Adjustments for non-cash items:		
Amortization of capital assets	3,370	3,370
Amortization of deferred capital contributions	(3,370)	(3,370)
	77,027	7,381
Increase (decrease) resulting from changes in:		
Due from City of Toronto	3,686	9,793
Accounts receivable	608	(4,511)
Prepaid expenses	-	368
Long-term amount due from City of Toronto	1,892	455
Due to City of Toronto	11,868	39,632
Accounts payable and accrued liabilities	19,206	(43,113)
Deferred contributions	60,256	3,787
Post-employment benefits payable	(1,892)	(455)
	172,651	13,337
CASH FLOWS USED IN INVESTING ACTIVITIES		
Net purchase of investments	(115,168)	(23,746)
Net purchase of capital assets	-	(7,265)
	(115,168)	(31,011)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of deferred capital contributions	-	7,265
INCREASE (DECREASE) IN CASH	57,483	(10,409)
CASH AT BEGINNING OF YEAR	5,781	16,190
CASH AT END OF YEAR	$ 63,264	$ 5,781

(See accompanying notes)

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 160 Eglinton Avenue East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Central Eglinton 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.

Program fees, membership fees and rental income are recognized as the services are provided. Amounts received in advance of services being provided are classified as deferred revenue 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, investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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:

Furniture and equipment	- 5 years straight line
Leasehold improvements	- 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.

Use of estimates

The preparation of financial statements in accordance 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.

3. INVESTMENTS

The investments consist of GICs with maturity dates ranging from January 22, 2018 to November 27, 2018 and interest rates ranging from 1.40% to 2.00%. Investments include $42,175 (2016 - $42,175) specifically reserved for expenses related to the 50+ program.

4. CAPITAL ASSETS

Capital assets consist of the following:

	2017		2016	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and equipment	$ 26,619	$ 22,260	$ 26,619	$ 20,111
Leasehold improvements	12,211	6,105	12,211	4,884
	38,830	$ 28,365	38,830	$ 24,995
Accumulated amortization	28,365		24,995	
	$ 10,465		$ 13,835	

5. DEFERRED CONTRIBUTIONS

	2017	2016
Balance, beginning of year	$ 22,481	$ 18,694
Add: Funds received	857,217	725,117
Less: Amounts recognized as revenue	(796,961)	(721,330)
Balance, end of year	$ 82,737	$ 22,481

6. DEFERRED CAPITAL CONTRIBUTIONS

	2017	2016
Balance, beginning of year	$ 13,835	$ 9,940
Add: Capital contributions received	-	7,265
Less: Amortization recognized as revenue	(3,370)	(3,370)
Balance, end of year	$ 10,465	$ 13,835

7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM ACCOUNTS 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 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.

7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG TERM ACCOUNTS RECEIVABLE - Cont'd.

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 4.0%
- rate of compensation increase 3.0% to 3.5%
- discount rates - post-retirement 3.2%, post-employment 2.8%, sick leave 3.0%

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

	2017	2016
Post-retirement benefits	$ 101,280	$ 90,294
Sick leave benefits	73,064	72,569
	174,344	162,863
Add: unamortized actuarial gain	1,552	14,925
Post-employment benefit liability	$ 175,896	$ 177,788

The continuity of the accrued benefit obligation is as follows:

	2017	2016
Balance, beginning of year	$ 177,788	$ 178,243
Current service cost	4,500	4,392
Interest cost	5,466	5,161
Plan amendment	(743)	-
Amortization of actuarial gain	(5,057)	(4,881)
Expected benefits paid	(6,058)	(5,127)
Balance, end of year	$ 175,896	$ 177,788

A long-term receivable of $175,896 (2016 - $177,788) 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 administrative 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 $52,155 in 2017 (2016 - $48,994).

7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG TERM ACCOUNTS RECEIVABLE - Cont'd.

The most recent actuarial valuation of the OMERS plan as at December 31, 2017 indicates the Plan is in a surplus position and the plan's December 31, 2017 financial statements indicate a net surplus of $605 million (a deficit of $5.403 billion netted against unrecognized investment returns of $6.008 billion that will 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 0.0027% 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.

8. FUNDS PROVIDED BY THE 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.

	2017 Budget (unaudited)	2017	2016
Administration expenses:			
Salaries and wages	$ 468,246	$ 462,202	$ 402,553
Employee benefits	141,614	115,123	111,893
Materials and supplies	22,401	37,448	40,167
Purchase of services	49,370	62,994	56,212
	$ 681,631	$ 677,767	$ 610,825
Centre's actual administration revenue:			
Administration budget		$ 681,631	$ 667,514
Centre's actual administration expenses:			
Administration expenses		$ 681,137	$ 614,195
Amortization of capital assets funded by deferred capital contribution		(3,370)	(3,370)
Vacation pay liability, not funded by the City until paid, that are included in Due from City of Toronto		3,686	10,044
Capital asset acquisitions (administration)		-	7,265
		681,453	628,134
Administration expenses under approved budget		$ 178	$ 39,380

The net under expenditure of $178 (2016 - $39,380) is included in Due to City of Toronto.

9. LEASE COMMITMENTS

The Centre has entered into agreements to lease office equipment which expire in 2019 and 2022. Minimum amounts payable for the office equipment, in aggregate for each of the remaining years are as follows:

2018	$ 5,560
2019	3,338
2020	1,117
2021	1,117
2022	70

10. FINANCIAL INSTRUMENTS

The Centre is exposed to and manages various financial risk resulting from operations. 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 Centre's main financial risk exposures and its financial risk management policies are as follows:

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, investments and accounts receivable. The Centre's cash and investments are deposited with Canadian chartered banks 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.

Liquidity risk

Liquidity risk is the risk that the Centre cannot meet a demand for cash or funds its obligations as they become due. The Centre's financial liabilities 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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Centre's financial instruments are all denominated in Canadian dollars and the Centre transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Centre's cash and investments earn interest at prevailing market rates. As a result, management believes that the interest rate exposure related to these financial instruments is negligible.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with financial instruments will fluctuate because of changes in market prices (other than those arising form currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management does not believe the Centre is exposed to significant other price risk.

Changes in risk

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

11. COMPARATIVE FIGURES

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