

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR SCADDING COURT 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 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, 2017, 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, 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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 29, 2018.

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 37,543	\$ 5,321
Due from City of Toronto (note 8)	561	17,632
Due from City of Toronto - vacation payable	28,459	20,522
Due from Scadding Court Community Centre, Inc. (note 9)	532	282
Accounts receivable	9,345	11,743
Prepaid expenses	-	<u>3,534</u>
	<u>76,440</u>	<u>59,034</u>
LONG-TERM RECEIVABLE FROM CITY OF TORONTO (note 6)	514,947	510,257
CAPITAL ASSETS (note 5)	<u>10,683</u>	<u>653</u>
	<u>\$ 602,070</u>	<u>\$ 569,944</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 45,868	\$ 26,510
Due to City of Toronto (note 8)	193	11,524
Due to Scadding Court Community Centre, Inc. (note 9)	1,920	478
Vacation payable	<u>28,459</u>	<u>20,522</u>
	<u>76,440</u>	<u>59,034</u>
DEFERRED CAPITAL CONTRIBUTIONS (note 7)	10,683	653
POST-EMPLOYMENT BENEFITS PAYABLE (note 6)	<u>514,947</u>	<u>510,257</u>
	<u>602,070</u>	<u>569,944</u>
NET ASSETS	<u>-</u>	<u>-</u>
	<u>\$ 602,070</u>	<u>\$ 569,944</u>

Approved by the Board:

Steve Foote Chair

Doc Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE
STATEMENT OF OPERATIONS AND NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Revenue		
Funds provided by City of Toronto - administration (note 8)	\$ 932,961	\$ 911,475
Funds provided by City of Toronto - special project (note 8)	29,894	-
Funds provided by City of Toronto - post-employment benefits (note 6)	<u>4,690</u>	<u>11,163</u>
	<u>967,545</u>	<u>922,638</u>
Expenses		
Salaries and wages	676,386	663,385
Employee benefits	193,590	180,996
Special project expenses	29,894	-
Materials and supplies	24,780	25,584
Purchase of services	38,205	41,510
Post-employment benefits (note 6)	4,690	11,163
Amortization of capital assets	2,790	653
Amortization of deferred capital contributions (note 7)	<u>(2,790)</u>	<u>(653)</u>
	<u>967,545</u>	<u>922,638</u>
Net revenue over expenses	-	-
Net assets, beginning of year	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net revenue over expenses	\$ -	\$ -
Adjustments for:		
Amortization of capital assets	2,790	653
Amortization of deferred capital contributions	<u>(2,790)</u>	<u>(653)</u>
	-	-
Increase (decrease) resulting from changes in:		
Due from City of Toronto	17,071	285
Due from City of Toronto - vacation payable	(7,937)	6,712
Due from Scadding Court Community Centre, Inc.	(250)	329
Accounts receivable	2,398	(4,796)
Prepaid expenses	3,533	89
Long-term receivable from City of Toronto	(4,689)	(11,163)
Accounts payable and accrued liabilities	19,358	(22,697)
Due to City of Toronto	(11,331)	7,665
Due to Scadding Court Community Centre, Inc.	1,442	305
Vacation payable	7,937	(6,712)
Post-employment benefits payable	<u>4,690</u>	<u>11,163</u>
	32,222	(18,820)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(12,820)	-
 CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred capital contributions	<u>12,820</u>	<u>-</u>
 INCREASE (DECREASE) IN CASH	32,222	(18,820)
 CASH AT BEGINNING OF YEAR	<u>5,321</u>	<u>24,141</u>
 CASH AT END OF YEAR	\$ <u>37,543</u>	\$ <u>5,321</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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 expenditures 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 expenditures 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 contributions 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, 2017

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:

Furniture and equipment	- 5 years
Computer equipment	- 3 years

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 benefits 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, 2017

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 deposited 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 and amounts due from City of Toronto is limited. The Centre manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Changes in risk

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

5. **CAPITAL ASSETS**

Capital assets consist of the following:

	2017		2016	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and equipment	\$ 23,739	\$ 23,739	\$ 23,739	\$ 23,086
Computer equipment	12,820	2,137	-	-
	<u>36,559</u>	<u>\$ 25,876</u>	<u>23,739</u>	<u>\$ 23,086</u>
Accumulated amortization	<u>25,876</u>		<u>23,086</u>	
	<u>\$ 10,683</u>		<u>\$ 653</u>	

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2017

6. POST-EMPLOYMENT BENEFITS AND LONG-TERM 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 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:

	<u>2017</u>	<u>2016</u>
Post-retirement benefits	\$ 380,866	\$ 308,599
Continuation of benefits to disabled employees	99,102	118,892
Income benefits	120,022	143,746
Sick leave benefits	<u>58,404</u>	<u>58,325</u>
	658,394	629,562
 Less: Unamortized actuarial loss	 <u>(143,447)</u>	 <u>(119,305)</u>
 Post-employment benefit liability	 <u>\$ 514,947</u>	 <u>\$ 510,257</u>

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2017

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

The continuity of the accrued benefit obligation is as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 510,257	\$ 499,094
Current service cost	13,747	13,511
Interest cost	19,426	19,081
Plan amendment	(5,807)	-
Amortization of actuarial loss	31,274	31,828
Expected benefits paid	<u>(53,950)</u>	<u>(53,257)</u>
Balance, end of year	<u>\$ 514,947</u>	<u>\$ 510,257</u>

A long-term receivable of \$514,947 (2016 - \$510,257) 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 \$68,175 (2016 - \$66,830).

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 net 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 0.0036% 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>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 653	\$ 1,306
Add: Contributions deferred in year for capital asset purchases	12,820	-
Less: Amortization of deferred capital contributions	<u>(2,790)</u>	<u>(653)</u>
Balance, end of year	<u>\$ 10,683</u>	<u>\$ 653</u>

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2017

8. FUNDS PROVIDED BY THE CITY OF TORONTO - ADMINISTRATION

Funding for administration expenses are 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.

	2017 <u>Budget</u> (unaudited)	<u>2017</u>	<u>2016</u>
Administration expenses:			
Salaries and wages	\$ 673,544	\$ 676,386	\$ 663,385
Employee benefits	196,168	193,590	180,996
Employee benefits - pension	-	4,690	11,163
Materials and supplies	19,650	24,780	25,584
Purchase of services	<u>78,391</u>	<u>38,205</u>	<u>41,510</u>
	<u>\$ 967,753</u>	<u>\$ 937,651</u>	<u>\$ 922,638</u>
Centre's actual administration revenue:			
Administration budget		\$ 937,859	\$ 918,302
Special project funding		<u>29,894</u>	<u>-</u>
		<u>967,753</u>	<u>918,302</u>
Centre's actual administration expenses:			
Total expenses per statement of operations		967,545	922,638
Adjustments for:			
Post retirement benefits, not funded by the City until paid, that is included in long-term receivable - City of Toronto		(4,690)	(11,163)
Acquisition of capital assets		12,820	-
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto - vacation payable		<u>(7,937)</u>	<u>6,712</u>
		<u>967,738</u>	<u>918,187</u>
Administration expenses under approved budget		\$ <u>(15)</u>	\$ <u>(115)</u>

The under expenditure of \$15 (2016 - \$115) is included in due to City of Toronto.

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2017

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, 2017 and 2016 and for the years then ended are as follows:

Financial Position

	<u>2017</u>	<u>2016</u>
Total assets	\$ 1,752,466	\$ 1,503,808
Total liabilities	\$ 542,604	\$ 518,484
Total net assets	<u>1,209,862</u>	<u>985,324</u>
	<u>\$ 1,752,466</u>	<u>\$ 1,503,808</u>

Results of Operations

	<u>2017</u>	<u>2016</u>
Total revenues	\$ 1,444,221	\$ 1,439,828
Total expenses	<u>1,443,104</u>	<u>1,438,013</u>
Excess revenue over expenses	<u>\$ 1,117</u>	<u>\$ 1,815</u>

Cash Flows

	<u>2017</u>	<u>2016</u>
Cash from (used in) operations	\$ (31,290)	\$ 21,828
Cash from investing activities	<u>145,625</u>	<u>122,342</u>
Increase in cash	<u>\$ 114,335</u>	<u>\$ 144,170</u>

10. COMPARATIVE FIGURES

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