

CONSOLIDATED FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR THE EASTVIEW
NEIGHBOURHOOD COMMUNITY CENTRE
For the year ended
DECEMBER 31, 2018

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**

Qualified Opinion

We have audited the financial statements of the Board of Management for the Eastview Neighbourhood Community Centre (the Centre), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in our Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2018 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 4, 2019.

Welch LLP

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 335,948	\$ 163,916
Investments (note 4)	251,296	231,812
Due from City of Toronto	15,119	22,414
Accounts receivable	<u>16,651</u>	<u>18,319</u>
	619,014	436,461
CAPITAL ASSETS (note 5)	135,567	154,000
DUE FROM CITY OF TORONTO (note 8)	<u>171,362</u>	<u>186,707</u>
	<u>\$ 925,943</u>	<u>\$ 777,168</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 13)	\$ 218,693	\$ 72,717
Deferred contributions (note 6)	<u>143,001</u>	<u>126,852</u>
	361,694	199,569
DEFERRED CAPITAL CONTRIBUTIONS (note 7)	141,029	175,407
POST-EMPLOYMENT BENEFITS PAYABLE (note 8)	<u>171,362</u>	<u>186,707</u>
	<u>674,085</u>	<u>561,683</u>
NET ASSETS		
Invested in capital assets, internally restricted (note 9)	3,600	6,000
Board designated reserves, internally restricted (note 10)	160,360	133,360
Unrestricted	<u>87,898</u>	<u>76,125</u>
	<u>251,858</u>	<u>215,485</u>
	<u>\$ 925,943</u>	<u>\$ 777,168</u>

Approved by the Board:

.....  Chair
  Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	<u>Internally restricted</u>		<u>Unrestricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
	<u>Invested in capital assets (note 9)</u>	<u>Board designated reserves (note 10)</u>			
Net assets, beginning of year	\$ 6,000	\$ 133,360	\$ 76,125	\$ 215,485	\$ 241,644
Net revenue over expenses (expenses over revenue)	-	-	36,373	36,373	(26,159)
Interfund transfer (note 10)	-	27,000	(27,000)	-	-
Amortization of capital assets (note 9)	<u>(2,400)</u>	<u>-</u>	<u>2,400</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 3,600</u>	<u>\$ 160,360</u>	<u>\$ 87,898</u>	<u>\$ 251,858</u>	<u>\$ 215,485</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>Administration</u>	<u>2018</u>	<u>2017</u>
Revenue				
Grants				
City of Toronto (notes 11 and 14)	\$ 212,416	\$ 595,035	\$ 807,451	\$ 771,298
United Way	348,009	-	348,009	343,190
Foundations	100,053	-	100,053	113,288
Province of Ontario (note 14)	114,093	-	114,093	112,197
Government of Canada	120,166	-	120,166	140,198
Amortization of deferred capital contributions	<u>45,923</u>	<u>-</u>	<u>45,923</u>	<u>39,945</u>
	940,660	595,035	1,535,695	1,520,116
Program income	272,273	-	272,273	256,852
Donations	29,418	-	29,418	35,529
Fundraising	17,465	-	17,465	25,724
Funds from Massey Centre	-	-	-	20,251
Memberships	7,780	-	7,780	6,943
Interest income	<u>5,841</u>	<u>-</u>	<u>5,841</u>	<u>4,879</u>
	<u>1,273,437</u>	<u>595,035</u>	<u>1,868,472</u>	<u>1,870,294</u>
Expenses				
Salaries and wages	818,758	416,283	1,235,041	1,267,931
Employee benefits	187,012	98,018	285,030	289,421
Materials and supplies	109,217	28,239	137,456	152,702
Purchase of services	73,754	52,495	126,249	144,054
Amortization of capital assets	<u>48,323</u>	<u>-</u>	<u>48,323</u>	<u>42,345</u>
	<u>1,237,064</u>	<u>595,035</u>	<u>1,832,099</u>	<u>1,896,453</u>
Net revenue over expenses (expenses over revenue)	<u>\$ 36,373</u>	<u>\$ -</u>	<u>\$ 36,373</u>	<u>\$ (26,159)</u>

(See accompanying notes)

Welch LLP

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue over expenses (expenses over revenue)	\$ 36,373	\$ (26,159)
Adjustments for:		
Amortization of capital assets	48,323	42,345
Amortization of deferred capital contributions	<u>(45,923)</u>	<u>(39,945)</u>
	38,773	(23,759)
Increase (decrease) resulting from changes in:		
Due from City of Toronto	7,295	(9,969)
Accounts receivable	1,668	16,379
Prepaid expenses	-	4,272
Long-term amount due from City of Toronto	15,345	4,873
Accounts payable and accrued liabilities	145,976	(6,839)
Deferred contributions	16,149	50,228
Post-employment benefits payable	<u>(15,345)</u>	<u>(4,873)</u>
	<u>209,861</u>	<u>30,312</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Sale of investments	450,516	354,056
Purchase of investments	(470,000)	(331,806)
Acquisition of capital assets - program	<u>(29,890)</u>	<u>(106,310)</u>
	<u>(49,374)</u>	<u>(84,060)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred capital contributions received	<u>11,545</u>	<u>73,181</u>
INCREASE IN CASH	172,032	19,433
CASH, BEGINNING OF YEAR	<u>163,916</u>	<u>144,483</u>
CASH, END OF YEAR	<u>\$ 335,948</u>	<u>\$ 163,916</u>

(See accompanying notes)

Welch LLP

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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. CONSOLIDATED 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, these consolidated financial statements include the accounts of 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 consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations ("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 CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2018

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, investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the consolidated 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
Automotive equipment	5 years
Kitchen renovations	5 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 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 consolidated financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the useful life of its capital assets, significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

4. INVESTMENTS

Investments consist of guaranteed investment certificates with maturity dates ranging from February 20, 2019 to November 27, 2019 and earning fixed interest rates ranging from 1.32% to 2.25%.

5. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2018</u>		<u>2017</u>	
Program	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and equipment	\$ 51,561	\$ 18,601	\$ 21,672	\$ 8,288
Automotive equipment	12,000	8,400	12,000	6,000
Kitchen renovations	<u>178,052</u>	<u>79,045</u>	<u>178,052</u>	<u>43,436</u>
	241,613	\$ 106,046	211,724	\$ 57,724
Less: accumulated amortization	<u>(106,046)</u>		<u>(57,724)</u>	
	<u>\$ 135,567</u>		<u>\$ 154,000</u>	

6. DEFERRED CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 126,852	\$ 76,624
Add: contributions received	1,505,921	1,530,703
Less: revenue recognized	<u>(1,489,772)</u>	<u>(1,480,475)</u>
Balance, end of year	<u>\$ 143,001</u>	<u>\$ 126,852</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 175,407	\$ 142,171
Add: contributions received	11,545	73,181
Less: amortization of deferred capital contributions	<u>(45,923)</u>	<u>(39,945)</u>
Balance, end of year	<u>\$ 141,029</u>	<u>\$ 175,407</u>

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

8. 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, 2018 with projections to December 31, 2019, 2020 and 2021. 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 5.5%
- rate of compensation increase - 3.0% to 3.5%
- discount rates - post-retirement 3.4%, post-employment 3.1%, sick leave 3.2%

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

	<u>2018</u>	<u>2017</u>
Post-retirement benefits	\$ 190,345	\$ 112,893
Sick leave benefits	<u>10,969</u>	<u>9,678</u>
	201,314	122,571
Add: Unamortized actuarial gain	<u>(29,952)</u>	<u>64,136</u>
Employee benefit liability	<u>\$ 171,362</u>	<u>\$ 186,707</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 186,707	\$ 191,580
Current service cost	2,051	1,861
Interest cost	3,778	4,178
Plan amendment	835	(809)
Amortization of actuarial loss	(10,110)	559
Expected benefits paid	<u>(11,899)</u>	<u>(10,662)</u>
Balance, end of year	<u>\$ 171,362</u>	<u>\$ 186,707</u>

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

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

A long-term receivable of \$171,362 (2017 - \$186,707) 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 \$82,458 in 2018 (2017 - \$82,081).

The most recent actuarial valuation of the plan as at December 31, 2018 indicates the plan is in a deficit position and the plan's December 31, 2018 financial statements indicate a net deficit of \$2.79 billion (a deficit of \$4.191 billion netted against unrecognized investment returns of \$1.401 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 0.0041% 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.

9. INVESTED IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	<u>2018</u>	<u>2017</u>
Capital assets	\$ 135,567	\$ 154,000
Amounts financed by deferred capital contributions	(141,029)	(175,407)
Deferred capital contributions for assets not yet acquired	<u>9,062</u>	<u>27,407</u>
	<u>\$ 3,600</u>	<u>\$ 6,000</u>

Change in net assets invested in capital assets is calculated as follows:

	<u>2018</u>	<u>2017</u>
Net revenue over expenses (expenses over revenue)		
Amortization of deferred capital contributions	\$ 45,923	\$ 39,945
Amortization of capital assets	<u>(48,323)</u>	<u>(42,345)</u>
	<u>\$ (2,400)</u>	<u>\$ (2,400)</u>
Net investment in capital assets		
Capital assets acquired	\$ 29,890	\$ 106,310
Amounts financed by deferred capital contributions from prior year	(27,407)	(60,536)
Deferred capital contributions received	(11,545)	(73,181)
Deferred capital contributions for assets not yet acquired	<u>9,062</u>	<u>27,407</u>
	<u>\$ -</u>	<u>\$ -</u>

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2018

10. BOARD DESIGNATED RESERVES

	<u>2018</u>	<u>2017</u>
Capital / Project Reserve	\$ 63,192	\$ 63,192
Administrative Contingency Reserve	<u>97,168</u>	<u>70,168</u>
	<u>\$ 160,360</u>	<u>\$ 133,360</u>

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

The Administrative Contingency Reserve consists of Board of Management approved transfers of monies from the Centre's program surplus to provide a contingency fund for essential administrative costs. In 2018, the Board of Management approved an interfund transfer of \$27,000 (2017 - \$nil) from Unrestricted to the Board Designated Administrative Contingency Reserve. Interest earned on the reserve balance is recorded as program revenue.

11. 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.

	<u>2018</u> <u>Budget</u> (unaudited)	<u>2018</u>	<u>2017</u>
Administration expenses:			
Salaries and wages	\$ 429,675	\$ 416,283	\$ 398,341
Employee benefits	122,448	98,019	102,065
Materials and supplies	18,912	28,239	22,391
Purchase of services	<u>29,417</u>	<u>52,495</u>	<u>61,074</u>
	<u>\$ 600,452</u>	<u>\$ 595,036</u>	<u>\$ 583,871</u>
Centre's actual administration revenue:			
Administration budget		<u>\$ 600,452</u>	<u>\$ 584,382</u>
Centre's actual administration expense:			
Administration expenses		595,036	583,871
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto		15,344	4,873
Sick pay gratuity for retired staff member - City of Toronto, funded by the City and paid in 2018		(10,469)	-
Vacation pay liability, not funded by the City until paid, that is included in Due from City of Toronto		-	(4,558)
Difference between funding received and budgeted		<u>(68)</u>	<u>68</u>
		<u>599,843</u>	<u>584,254</u>
Administration expenses under approved budget		<u>\$ 609</u>	<u>\$ 128</u>

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2018

11. FUNDS PROVIDED BY CITY OF TORONTO - ADMINISTRATION - Cont'd.

The under expenditure of \$609 (2017 - \$128) is included in due from the City of Toronto.

The Centre operates from a City of Toronto owned property at 86 Blake Avenue, Toronto. The costs associated with operating and maintaining the property (rent, heating, hydro, insurance, repairs, maintenance and cleaning) are provided at no cost by the City of Toronto and have not been recorded in these financial statements.

12. 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 (2017 - \$nil)

13. PRENATAL AND NUTRITION SUPPORT PROGRAM

The Centre acts as trustee for the distribution of funds received from the Government of Canada to the five partners of the Toronto South East Coalition of Prenatal Nutrition and Support Programs (the "Coalition"). During year, the Centre received \$195,027 (2017 - \$251,644) of funds to be distributed. The allocation of funds to be distributed to each partner is approved by the Coalition. The Centre, as a partner and agent, records only its share of revenue and staff costs in these consolidated financial statements.

During the year, the funds received were distributed to the five partners, as follows:

	<u>2018</u>	<u>2017</u>
Eastview Neighbourhood Community Centre	\$ 68,242	\$ 73,956
Regent Park Community Health Centre	-	54,159
June Callwood Centre for Women & Families	-	36,867
Hincks-Dellcrest Centre	-	45,868
Applegrove Community Complex	-	35,064
Staff costs shared	-	5,730
	<u>\$ 68,242</u>	<u>\$ 251,644</u>

At December 31, 2018, there was \$126,785 (2017 - \$nil) of undistributed funds included in accounts payable and accrued liabilities.

14. GRANTS

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

	<u>2018</u>	<u>2017</u>
City of Toronto:		
Children's Services - Family Resource Centre	\$ 125,598	\$ 103,984
Children's Services - Summer Day Program	14,000	12,793
Community Funding Programs - Community Service Partnerships Program	67,030	65,650
Other	<u>5,788</u>	<u>5,000</u>
	<u>\$ 212,416</u>	<u>\$ 187,427</u>
Province of Ontario:		
Ministry of Citizenship and Immigration - Newcomer Settlement Program	\$ 55,234	\$ 56,331
Ministry of Health and Long Term Care - Senior Resources	49,659	49,466
Ministry of Seniors Affairs	<u>9,200</u>	<u>6,400</u>
	<u>\$ 114,093</u>	<u>\$ 112,197</u>

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

14. GRANTS - Cont'd.

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

	<u>Family Resources</u>	<u>Summer Camp - Eastview</u>	<u>2018</u>	<u>2017</u>
Revenue				
Grants				
City of Toronto	\$ 127,406	\$ 14,000	\$ 141,406	\$ 116,777
United Way	5,033	-	5,033	5,033
Foundations	-	7,000	7,000	4,500
Government of Canada	3,797	41,764	45,561	58,512
Program income	641	53,611	54,252	39,900
Fundraising	2,120	-	2,120	1,300
Memberships	<u>2,190</u>	<u>-</u>	<u>2,190</u>	<u>1,840</u>
	<u>141,187</u>	<u>116,375</u>	<u>257,562</u>	<u>227,862</u>
Expenses				
Salaries and wages	114,793	75,367	190,160	186,113
Employee benefits	19,256	11,572	30,828	26,695
Materials and supplies	5,061	6,295	11,356	5,558
Purchase of services	<u>2,799</u>	<u>12,973</u>	<u>15,772</u>	<u>12,367</u>
	<u>141,909</u>	<u>106,207</u>	<u>248,116</u>	<u>230,733</u>
Net revenue over expenses (expenses over revenue)	<u>\$ (722)</u>	<u>\$ 10,168</u>	<u>\$ 9,446</u>	<u>\$ (2,871)</u>

15. FINANCIAL INSTRUMENTS

The Centre is exposed to and manages various financial risks 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 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.

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.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

15. FINANCIAL INSTRUMENTS - Cont'd.

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 because of changes in market interest rates. The Centre's cash and investments earn interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

iii) Other price risk

Other price risk is 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 from currency risk or interest rate risk), whether these 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.

16. COMPARATIVE FIGURES

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