

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

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

CITY OF TORONTO AND THE BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

Qualified Opinion

We have audited the accompanying financial statements of Board of Management for the Waterfront Neighbourhood 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 a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *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 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, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Centre and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue 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 unrestricted net assets as at January 1 and December 31, 2017 and 2018. 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 in Canada, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the 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 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 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 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 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 financial statements, including the disclosures, and whether the 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 23, 2019.

Welch LLP

An Independent Member of BKR International


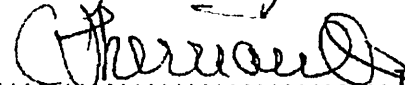
BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 447,719	\$ 696,807
Short-term investment (note 4)	603,267	382,274
Due from City of Toronto - vacation payable	25,160	45,321
Accounts receivable	80,039	30,217
Prepaid expenses	<u>4,167</u>	<u>3,326</u>
	1,160,352	1,157,945
LONG-TERM RECEIVABLE - CITY OF TORONTO (note 8)	501,815	419,840
CAPITAL ASSETS (note 5)	<u>26,809</u>	<u>27,252</u>
	<u>\$ 1,688,976</u>	<u>\$ 1,605,037</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Due to City of Toronto (note 11)	\$ 3,222	\$ 8,892
Accounts payable and accrued liabilities	165,623	179,599
Deferred revenue	18,726	17,766
Deferred contributions (note 6)	<u>118,420</u>	<u>205,494</u>
	305,991	411,751
DEFERRED CAPITAL CONTRIBUTIONS (note 7)	5,718	7,162
POST-EMPLOYMENT BENEFITS PAYABLE (note 8)	<u>501,815</u>	<u>419,840</u>
	<u>813,524</u>	<u>838,753</u>
NET ASSETS		
Invested in program capital assets	21,091	20,090
Internally restricted - program fund reserves (note 9)	378,370	378,370
Unrestricted program funds (note 10)	<u>475,991</u>	<u>367,824</u>
	<u>875,452</u>	<u>766,284</u>
	<u>\$ 1,688,976</u>	<u>\$ 1,605,037</u>

Approved by the Board:


 Chair

 Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2018

	Invested in program capital <u>assets</u>	Internally restricted - program fund <u>reserves</u>	Unrestricted program <u>funds</u>	Total <u>2018</u>	Total <u>2017</u>
Net assets, beginning of year	\$ 20,090	\$ 378,370	\$ 367,824	\$ 766,284	\$ 641,034
Excess of revenue over expenses	-	-	109,168	109,168	125,250
Transfer of capital assets purchased to invested in capital assets	7,292	-	(7,292)	-	-
Transfer of amortization to invested in capital assets	<u>(6,291)</u>	<u>-</u>	<u>6,291</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 21,091</u>	<u>\$ 378,370</u>	<u>\$ 475,991</u>	<u>\$ 875,452</u>	<u>\$ 766,284</u>

(See accompanying notes)

Welch LLP

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>Administration</u>	<u>2018</u>	<u>2017</u>
Revenue				
City of Toronto - administration (note 11)	\$ -	\$ 1,350,778	\$ 1,350,778	\$ 1,325,367
City of Toronto - vacation payable (note 11)	-	(20,161)	(20,161)	10,543
City of Toronto - post-employment benefits(note 11)	-	81,975	81,975	46,215
Grants				
Government of Canada	138,859	-	138,859	123,503
Province of Ontario	77,349	-	77,349	105,684
City of Toronto	78,518	-	78,518	72,951
Foundations/agencies	122,951	-	122,951	71,871
City of Toronto - Children's Services	4,700	-	4,700	4,700
Donations and fundraising	77,466	-	77,466	106,278
Membership and program fees	257,312	-	257,312	264,292
Rental fees	165,147	-	165,147	143,880
Interest	14,980	-	14,980	11,895
	<u>937,282</u>	<u>1,412,592</u>	<u>2,349,874</u>	<u>2,287,179</u>
Expenses				
Salaries and wages	514,282	883,846	1,398,128	1,389,613
Employee benefits	58,393	264,497	322,890	319,582
Employee benefits - post-employment benefits	-	81,975	81,975	46,215
Materials and supplies	178,461	69,935	248,396	211,855
Purchase of services	70,687	112,339	183,026	189,506
Amortization of capital assets	6,291	1,444	7,735	6,006
Amortization of deferred capital contributions	-	(1,444)	(1,444)	(848)
	<u>828,114</u>	<u>1,412,592</u>	<u>2,240,706</u>	<u>2,161,929</u>
Excess of revenue over expenses	<u>\$ 109,168</u>	<u>\$ -</u>	<u>\$ 109,168</u>	<u>\$ 125,250</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 109,168	\$ 125,250
Adjustments for non-cash items:		
Amortization of capital assets	7,735	6,006
Amortization of deferred capital contributions	<u>(1,444)</u>	<u>(848)</u>
	115,459	130,408
Increase (decrease) resulting from changes in:		
Due from City of Toronto - vacation payable	20,161	(10,543)
Accounts receivable	(49,822)	17,475
Prepaid expenses	(841)	(302)
Long-term receivable - City of Toronto	(81,975)	(46,215)
Due to City of Toronto	(5,670)	29,438
Accounts payable and accrued liabilities	(13,976)	95
Deferred revenue	960	9,936
Deferred contributions	(87,074)	88,135
Post-employment benefits payable	<u>81,975</u>	<u>46,215</u>
	<u>(20,803)</u>	<u>264,642</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of capital assets - program	(7,292)	(12,803)
Purchase of investments	(600,000)	(380,234)
Proceeds from sale of investments	<u>379,007</u>	<u>373,532</u>
	<u>(228,285)</u>	<u>(19,505)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution received for capital asset purchases	<u>-</u>	<u>7,222</u>
INCREASE (DECREASE) IN CASH	(249,088)	252,359
CASH AT BEGINNING OF YEAR	<u>696,807</u>	<u>444,448</u>
CASH AT END OF YEAR	\$ <u>447,719</u>	\$ <u>696,807</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

NOTES TO THE 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 part of the premises at 627 Queens Quay West, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Waterfront Neighbourhood Centre (the "Centre"). The Centre changed its name from Harbourfront Community Centre as approved by City Council in May 2016. 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. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The 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.

Membership and program fees are recognized on the date the services are performed. Amounts received in advance of services being provided are classified as deferred revenue on the statement of financial position.

Rental and similar revenues are recognized on the date of the performance or event.

Cash and short-term investments

Cash and short-term investments include cash on hand, cash on deposit with financial institutions, demand deposits and short-term investments with maturities of less than twelve months at acquisition.

Financial instruments

The Centre initially measures its financial assets and financial liabilities at fair value. The Centre subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, short-term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

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. For furniture and equipment, amortization is provided on a straight-line basis over their estimated useful lives of 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 financial statements in conformity with PSA-GNPO 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 and revenue 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 WATERFRONT NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

3. 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. The Centre believes its overall liquidity risk to be minimal as the Centre's financial assets are considered to be highly liquid.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre's cash and short-term investment earn interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

Credit risk

The Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre's maximum exposure to credit risk represents the sum of the carrying value of its cash, short-term investment and accounts receivable. The Centre's cash and short-term investment are with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Management believes that the Centre's credit risk with respect to accounts receivable is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Changes in risk

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

4. SHORT-TERM INVESTMENT

Short-term investment consists of a guaranteed investment certificate with an annual interest rate of 2.65% (2017 - 2.20%) that matures in October 2019 (2017 - October 2018).

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

5. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Administration				
Furniture, fixtures and equipment	\$ 162,448	\$ 156,731	\$ 162,448	\$ 155,286
Program				
Furniture, fixtures and equipment	<u>108,124</u>	<u>87,032</u>	<u>100,832</u>	<u>80,742</u>
	<u>270,572</u>	<u>\$ 243,763</u>	<u>263,280</u>	<u>\$ 236,028</u>
Accumulated amortization		<u>243,763</u>		<u>236,028</u>
Net book value	<u>\$ 26,809</u>		<u>\$ 27,252</u>	

6. DEFERRED CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 205,494	\$ 117,359
Add: Funds received	335,303	466,844
Less: Amounts recognized as revenue	<u>(422,377)</u>	<u>(378,709)</u>
Balance, end of year	<u>\$ 118,420</u>	<u>\$ 205,494</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 7,162	\$ 788
Add: Contribution deferred in year for capital asset purchases	-	7,222
Less: Amortization of deferred capital contributions	<u>(1,444)</u>	<u>(848)</u>
Balance, end of year	<u>\$ 5,718</u>	<u>\$ 7,162</u>

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

8. POST-EMPLOYMENT BENEFITS AND LONG-TERM ACCOUNT RECEIVABLE FROM THE CITY OF TORONTO

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 accumulates 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.

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 multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2018</u>	<u>2017</u>
Sick leave benefits	\$ 266,764	\$ 173,549
Post retirement benefits	410,840	377,138
Income benefits	396,898	409,849
Disabled employees benefits	<u>200,359</u>	<u>254,891</u>
	1,274,861	1,215,427
 Add: Unamortized actuarial loss	 <u>(773,046)</u>	 <u>(795,587)</u>
 Employee benefit liability	 <u>\$ 501,815</u>	 <u>\$ 419,840</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 419,840	\$ 373,625
Current service cost	17,746	14,523
Interest cost	35,649	34,545
Plan amendment	10,837	(10,531)
Amortization of actuarial loss	74,985	64,789
Expected benefits paid	<u>(57,242)</u>	<u>(57,111)</u>
 Balance, end of year	 <u>\$ 501,815</u>	 <u>\$ 419,840</u>

A long-term receivable of \$501,815 (2017 - \$419,840) from the City has resulted from recording sick leave and post-retirement benefits. Funding for these costs continue to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefits liabilities of management staff that may be incurred by the Centre.

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

8. POST-EMPLOYMENT BENEFITS AND LONG-TERM ACCOUNT RECEIVABLE FROM THE CITY OF TORONTO - Cont'd.

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 \$97,973 in 2018 (2017 - \$99,364).

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 \$4.19 billion netted against unrecognized investment returns of \$1.40 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 are insignificant to 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.

9. INTERNALLY RESTRICTED - PROGRAM FUND RESERVES

	<u>2018</u>	<u>2017</u>
Mission and Strategic Priority Reserve		
Children and Youth Reserve	\$ 117,248	\$ 117,248
Replacement of Equipment	19,193	19,193
Special Project - Community Development	118,358	118,358
Special Project - Summer Program	35,000	35,000
Special Project - Capital Equipment	51,635	51,635
Special Project - Program Financial Subsidy	<u>36,936</u>	<u>36,936</u>
	<u>\$ 378,370</u>	<u>\$ 378,370</u>

The Mission and Strategic Priority Reserve represents funds set aside by the Board of Management for future special projects relating to children and youth or special project initiatives, identified through strategic planning processes and for expenditures required to maintain the Centre's facility and/or for purchases of capital items not funded through other sources. Internally restricted net assets are not available for other purchases without approval of the Board of Management.

10. PROGRAM ADMINISTRATIVE RESERVE - UNRESTRICTED RESERVE FUND

The Program Administration Reserve represents funds set up to meet legal and financial obligations in the event of future funding shortfalls and uncertainties and/or in the event of an emergency shutdown of the Centre's operations or for other administrative liabilities. These funds will equal no less than one month of operating expenses and no greater than three months based on the current year's budgeted expenses.

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2018

11. 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 repayable to the City. Deficits, other than long-term employee benefits, are to be funded by the Centre unless Council approval has been obtained for additional funding.

	2018 <u>Budget</u> (unaudited)	<u>2018</u>	<u>2017</u>
Administration expenses:			
Salaries and wages	\$ 909,250	\$ 883,846	\$ 900,482
Employee benefits	262,517	264,497	267,400
Employee benefits - post-employment benefits	-	81,975	46,215
Materials and supplies	79,198	69,935	68,925
Purchase of services	<u>99,787</u>	<u>112,339</u>	<u>99,103</u>
	<u>\$ 1,350,752</u>	<u>\$ 1,412,592</u>	<u>\$ 1,382,125</u>
Centre's actual administration revenue:			
Administration budget		<u>\$ 1,350,752</u>	<u>\$ 1,332,589</u>
Centre's actual administration expenses:			
Administration expenses		\$ 1,412,592	\$ 1,382,125
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long-term receivable - City of Toronto		(81,975)	(46,215)
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto		20,161	(10,543)
Capital asset acquisitions (administration)		<u>-</u>	<u>7,222</u>
		<u>1,350,778</u>	<u>1,332,589</u>
Administration expenses over approved budget		\$ <u>(26)</u>	\$ <u>-</u>

The over-expenditure of \$26 (2017 - \$nil) was included in due to City of Toronto.

12. COMPARATIVE FIGURES

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

BOARD OF MANAGEMENT FOR THE WATERFRONT NEIGHBOURHOOD CENTRE
SCHEDULE OF PROGRAM AND ADMINISTRATION REVENUE AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u> (unaudited)	<u>2018</u>	<u>2017</u>
Program revenue			
Grants			
Government of Canada	\$ 141,214	\$ 138,859	\$ 123,503
Province of Ontario	79,648	77,349	105,684
City of Toronto	78,518	78,518	72,951
Foundations/agencies	122,641	122,951	71,871
City of Toronto- Children's Services	4,700	4,700	4,700
Donations and fundraising	76,702	77,466	106,278
Memberships and program fees	245,975	257,312	264,292
Rental fees	115,000	165,147	143,880
Interest	11,000	14,980	11,895
	<u>875,398</u>	<u>937,282</u>	<u>905,054</u>
Program expenses			
Salaries and wages	515,779	514,282	489,131
Employee benefits	56,862	58,393	52,182
Materials and supplies	197,692	178,461	142,930
Purchase of services	65,672	70,687	90,403
Amortization of capital assets	4,767	6,291	5,158
	<u>840,772</u>	<u>828,114</u>	<u>779,804</u>
Excess of revenue over expenses	<u>34,626</u>	<u>109,168</u>	<u>125,250</u>
Administration expenses			
Salaries and wages	909,250	883,846	900,482
Employee benefits	262,517	264,497	267,400
Employee benefits - post-employment benefits	-	81,975	46,215
Materials and supplies	79,198	69,935	68,925
Purchase of services	99,787	112,339	99,103
Amortization of capital assets	-	1,444	848
Amortization of deferred capital contributions	-	(1,444)	(848)
	<u>1,350,752</u>	<u>1,412,592</u>	<u>1,382,125</u>
Fund provided by City of Toronto	<u>1,350,752</u>	<u>1,412,592</u>	<u>1,382,125</u>
Excess of revenue over expenses - Program	<u>\$ 34,626</u>	<u>\$ 109,168</u>	<u>\$ 125,250</u>