

# AU6.11 Attachment 2

ATTACHMENT 2

## FINANCIAL STATEMENTS

For

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

For the year ended

DECEMBER 31, 2019

## INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

### **CITY OF TORONTO AND THE BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

#### *Qualified Opinion*

We have audited the financial statements of Board of Management for Applegrove Community Complex (the Complex), which comprise the statement of financial position as at December 31, 2019, 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 Complex as at December 31, 2019 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 Complex derives revenue from donations and fundraising revenue, 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 Complex and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, net revenue over expenses and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31, 2018 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2018 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 Complex 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 Complex'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 Complex or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Complex'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 Complex'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  
May 25, 2020.

**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

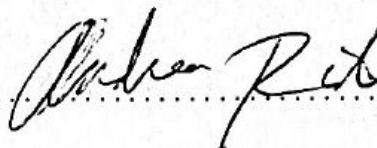
**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 274,106	\$ 162,038
Short-term investments (note 5)	140,408	51,764
Due from City of Toronto	14,116	22,601
Due from City of Toronto - vacation payable	17,479	15,744
Due from City of Toronto - sick pay gratuity	-	31,694
Accounts receivable	20,147	32,667
Prepaid expenses	<u>6,889</u>	<u>12,583</u>
	473,145	329,091
<b>LONG-TERM RECEIVABLE FROM CITY OF TORONTO</b> (note 7)	231,602	245,791
<b>INVESTMENTS</b>	<u>-</u>	<u>85,428</u>
	<u>\$ 704,747</u>	<u>\$ 660,310</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 84,259	\$ 74,887
Deferred contributions (note 6)	59,719	51,003
City of Toronto working capital advance payable	<u>10,871</u>	<u>10,871</u>
	154,849	136,761
<b>POST-EMPLOYMENT BENEFITS PAYABLE</b> (note 7)	<u>231,602</u>	<u>245,791</u>
	<u>386,451</u>	<u>382,552</u>
<b>NET ASSETS</b>		
Restricted program funds	275,569	247,209
Unrestricted	<u>42,727</u>	<u>30,549</u>
	<u>318,296</u>	<u>277,758</u>
	<u>\$ 704,747</u>	<u>\$ 660,310</u>

Approved by the Board:

 Chair

 Treasurer

(See accompanying notes)

**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2019**

	<u>Restricted program fund</u>	<u>Unrestricted</u>	<u>Total 2019</u>	<u>Total 2018</u>
Net assets, beginning of year	\$ 247,209	\$ 30,549	\$ 277,758	\$ 249,841
Net revenue over expenses	31,583	12,178	43,761	27,917
Board approved transfer to cover administration deficit (Schedule A)	<u>(3,223)</u>	<u>-</u>	<u>(3,223)</u>	<u>-</u>
Net assets, end of year	<u>\$ 275,569</u>	<u>\$ 42,727</u>	<u>\$ 318,296</u>	<u>\$ 277,758</u>

(See accompanying notes)

**BOARD OF MANAGEMENT FOR APPLEROVE COMMUNITY COMPLEX**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2019**

	<u>Program</u> (Schedule A)	<u>Administration</u> (note 8)	<u>2019</u>	<u>2018</u>
<b>Revenue</b>				
Grants				
City of Toronto	\$ 176,472	\$ 383,879	\$ 560,351	\$ 611,966
Government of Canada	65,053	-	65,053	63,104
Province of Ontario	48,319	-	48,319	32,437
Other grants	<u>45,539</u>	<u>-</u>	<u>45,539</u>	<u>10,000</u>
	335,383	383,879	719,262	717,507
Program and membership fees	398,591	-	398,591	386,127
Donations and fundraising	16,213	-	16,213	15,696
Interest revenue	<u>4,323</u>	<u>43</u>	<u>4,366</u>	<u>4,405</u>
	<u>754,510</u>	<u>383,922</u>	<u>1,138,432</u>	<u>1,123,735</u>
<b>Expenses</b>				
Salaries and wages	458,534	292,033	750,567	769,784
Employee benefits	90,561	66,341	156,902	166,285
Materials and supplies	109,129	5,707	114,836	85,683
Purchase of services	<u>52,525</u>	<u>19,841</u>	<u>72,366</u>	<u>74,066</u>
	<u>710,749</u>	<u>383,922</u>	<u>1,094,671</u>	<u>1,095,818</u>
<b>Net revenue over expenses</b>	<u>\$ 43,761</u>	<u>\$ -</u>	<u>\$ 43,761</u>	<u>\$ 27,917</u>

(See accompanying notes)

**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Net revenue over expenses	\$ 43,761	\$ 27,917
Adjustments for:		
Adjustment to unrestricted net assets	<u>(3,223)</u>	<u>-</u>
	40,538	27,917
Increase (decrease) resulting from changes in:		
Due from City of Toronto	8,485	(10,835)
Due from City of Toronto - vacation payable	(1,735)	9,447
Due from City of Toronto - sick pay gratuity payable	31,694	(31,694)
Accounts receivable	12,520	(11,851)
Prepaid expenses	5,694	4,724
Long-term receivable from City of Toronto	14,189	(478)
Accounts payable and accrued liabilities	9,372	495
Deferred contributions	8,716	(24,333)
Post-employment benefits payable	<u>(14,189)</u>	<u>478</u>
	<u>115,284</u>	<u>(36,130)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	(56,189)	83,080
Purchase of investments	<u>52,973</u>	<u>(85,428)</u>
	<u>(3,216)</u>	<u>(2,348)</u>
<b>INCREASE (DECREASE) IN CASH</b>	112,068	(38,478)
<b>CASH AT BEGINNING OF YEAR</b>	<u>162,038</u>	<u>200,516</u>
<b>CASH AT END OF YEAR</b>	\$ <u>274,106</u>	\$ <u>162,038</u>

(See accompanying notes)

**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**1. NATURE OF OPERATIONS**

Applegrove Community Complex (the "Complex") was incorporated in 1979 as a corporation without share capital and registered as corporation #417388 under the Ontario Corporations Act. Applegrove Community Complex is also registered as a charity authorized with the Canada Revenue Agency, charitable number: 10671 8943 RR0001, and as such is exempt from income tax.

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 addition to S.H. Armstrong Recreation Centre together with certain classrooms of the Duke of Connaught Public School and the office of the Woodfield Road Public School as a Community Recreation Centre under the Municipal Act, known as Applegrove Community Complex (the "Complex").

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.

*Board of Management*

At the Annual Meeting on March 31, 2005, the Complex amended its constitution to specify that the Board of Management would function as a Standing Committee of the Board of Directors for the non-profit corporation.

At the Annual Meeting on March 28, 2007 and in accordance with the City of Toronto's Relationship Framework with the City-funded Community Centres, the Complex amended its constitution so that it had separate constitutions for the incorporated body and the City Agency continuing the structure of the Board of Management as a Standing Committee of the non-profit corporation.

**2. FINANCIAL STATEMENTS**

The Municipal Code requires that audited annual financial statements be submitted by the Board of Management for the Complex to the City covering the management and control of the premises by the Committee. Because the Board of Management is a Standing Committee of the Board of Directors for the Corporation as a whole, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the Applegrove Community Complex as a whole, including the operations of the Board of Management.



**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

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

**YEAR ENDED DECEMBER 31, 2019**

**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-profit organizations ("PSA-GNPO") as issued by the Public Sector Accounting Board (PSAB).

*Fund accounting*

The accounts of the Complex are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or object specified. The funds are as follows:

(a) Applegrove Drop-in

The fund includes revenues and expenses for the Applegrove Parent/Child Drop-in including trips, special needs, fundraising and charitable donations designated to this program.

(b) Applegrove Connection

The fund includes revenues and expenses for the Applegrove Connection family resource program including special needs, fundraising and charitable donations designated to this program.

(c) After-School Program

The fund includes revenues and expenses for the school year program for children ages 6 to 12 including March Break and Professional Activity (P.A.) day programming, trips, fundraising and charitable donations designated to this program.

(d) Teen Program

The fund includes revenues and expenses for the school year program for youth ages 13 to 18 including charitable donations designated to this program.

(e) Perinatal Program

The fund includes revenues and expenses for the Helping Our Babies Grow program including charitable donations designated to this program.

(f) Therapeutic Play

The fund includes revenues and expenses for the Over the Rainbow therapeutic play program including charitable donations designated to this program.

(g) Summer Camp and Leadership

The fund consolidates revenues and expenses for the Applegrove Summer Adventure Day Camp and the Applegrove Leadership Adventure including fundraising and charitable donations designated to this program.

(h) Seniors Program

The fund includes revenues and expenses for the Older Adults program including trips, OACAO funding, SALC funding, and charitable donations designated to this program.

(i) Other

The fund accounts for the all of the Complex's activities other than those listed above. It includes individual charitable donations not designated for specific programs, agency fundraising, gaming, etc.

**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

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

**YEAR ENDED DECEMBER 31, 2019**

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

*Revenue recognition*

The Complex 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 in the statement of financial position.

Program and membership fees and other similar revenues 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.

Monetary donations are recorded as received.

*Financial instruments*

The Complex initially measures its financial assets and financial liabilities at fair value.

The Complex 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 and City of Toronto working capital advance payable.

*Employee related costs*

The Complex 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 Complex's eligible employees. Due to the nature of the Plan, the Complex 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 Complex also offers its eligible 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 Complex 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.

*Contributed materials and services*

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

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

**YEAR ENDED DECEMBER 31, 2019**

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

*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 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.

**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 Complex's financial instruments.

*Liquidity risk*

Liquidity risk refers to the adverse consequence that the Complex will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities.

The Complex manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Complex believes its overall liquidity risk to be minimal as the Complex'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 Complex's cash and short-term investments earn interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

*Credit risk*

The Complex is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Complex's maximum exposure to credit risk represents the sum of the carrying value of its cash, investments, due from City of Toronto, and accounts receivable. The Complex'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 Complex's credit risk with respect to accounts receivable and amounts due from City of Toronto is minimal. The Complex 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 Complex's risk exposures from the prior year.

**5. INVESTMENTS**

Short-term investment consists of term deposit with interest rate of 2.30% to 2.35% maturing in between June 2020 to November 2020.

**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

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

**YEAR ENDED DECEMBER 31, 2019**

**6. DEFERRED CONTRIBUTIONS**

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 51,003	\$ 75,336
Add: Grants received	727,978	693,174
Less: Amounts recognized as grant revenue	<u>(719,262)</u>	<u>(717,507)</u>
Balance, end of year	<u>\$ 59,719</u>	<u>\$ 51,003</u>

**7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM RECEIVABLE FROM CITY OF TORONTO**

The Complex 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 when leaving the Complex'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 (STP) 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 remain entitled to payout of frozen, banked time, as described above. Under the new STP 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 Complex 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, 2019 with projections to December 31, 2020, 2021 and 2022. 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 2.7%, post-employment 2.4%, sick leave 2.5%

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

	<u>2019</u>	<u>2018</u>
Post-retirement benefits	\$ 135,857	\$ 126,905
Add: Unamortized actuarial gain	<u>95,745</u>	<u>118,886</u>
Post-employment benefit liability	<u>\$ 231,602</u>	<u>\$ 245,791</u>

**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

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

**YEAR ENDED DECEMBER 31, 2019**

**7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM RECEIVABLE  
FROM CITY OF TORONTO - Cont'd.**

The continuity of the accrued benefit obligation is as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 245,791	\$ 245,313
Current service cost	1,430	4,894
Interest cost	4,229	5,448
Plan amount	-	1,005
Amortization of actuarial gain	(11,948)	(8,891)
Expected benefits paid	<u>(7,900)</u>	<u>(1,978)</u>
Balance, end of year	<u>\$ 231,602</u>	<u>\$ 245,791</u>

A long-term receivable of \$231,602 (2018 - \$245,791) from the City 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 is responsible for the benefit liabilities of management staff that may be incurred by the Complex.

The Complex also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of certain 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 \$53,253 in 2019 (2018 - \$50,786).

The most recent actuarial valuation of the OMERS plan as at December 31, 2019 indicates the Plan is in a surplus position and the plan's December 31, 2019 financial statements indicate a net surplus of \$1.531 billion (a deficit of \$3.397 billion netted against unrecognized investment returns of \$4.928 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. The Complex's contributions are insignificant to the Plan's total employer contribution. Additional contributions, if any, required to address the Complex's proportionate share of the deficit will be expensed during the period incurred.

**BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX**

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

**YEAR ENDED DECEMBER 31, 2019**

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

Funding for administration 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 Complex unless Council approval has been obtained for additional funding.

	2019 <u>Budget</u> (unaudited)	<u>2019</u>	<u>2018</u>
<b>Administration expenses:</b>			
Salaries and wages	\$ 286,621	\$ 292,033	\$ 305,957
Employee benefits	78,386	66,341	86,584
Materials and supplies	7,673	5,707	6,206
Purchase of services	<u>21,326</u>	<u>19,841</u>	<u>26,804</u>
	<u>\$ 394,006</u>	<u>\$ 383,922</u>	<u>\$ 425,551</u>
 <b>Complex's actual administration revenue:</b>			
Administration budget		\$ 394,006	\$ 388,368
Interest revenue		<u>43</u>	<u>44</u>
		<u>\$ 394,049</u>	<u>\$ 388,412</u>
 <b>Complex's actual administration expenses:</b>			
Administration expenses per statement of operations		\$ 383,922	\$ 425,551
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long-term receivable from City of Toronto		14,189	(478)
Sick pay gratuity benefits, paid for by the Complex, that is received or receivable from City of Toronto		(2,377)	(31,694)
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto - vacation payable		<u>(1,735)</u>	<u>9,447</u>
 <b>Actual administration expenses</b>		<u>\$ 393,999</u>	<u>\$ 402,826</u>
 Administration expenses under (over) initial approved budget		<u>\$ 50</u>	<u>\$ (14,414)</u>

The under expenditure of \$50 (2018 - over expenditure of \$14,414) is recorded in due from City of Toronto.

**9. SUBSEQUENT EVENT**

In Mid-March 2020, subsequent to the Complex's year-end, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease.

On March 14, 2020, the Complex was closed in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. A reopening date has not yet been determined.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Complex's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Complex's operations, assets, liabilities, net assets, revenues and expenses are not yet known.

## BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

## MAJOR PROGRAM ACTIVITIES AND FUNDRAISING

YEAR ENDED DECEMBER 31, 2019

	Internally restricted funds								Unrestricted		
	Applegrove Drop-in	Applegrove Connection	After School Program	Teen Program	Perinatal Program	Therapeutic Play	Summer Camp and Leadership Program	Seniors Program	Program General	Other	Total
<b>Program revenue</b>											
Grants											
City of Toronto	\$ 132,349	\$ 29,181	\$ -	\$ -	\$ -	\$ -	\$ 14,942	\$ -	\$ -	\$ -	\$ 176,472
Government of Canada	-	-	-	-	26,843	-	35,437	2,773	-	-	65,053
Province of Ontario	-	-	-	-	-	-	-	48,319	-	-	48,319
Other grants	350	250	550	200	250	-	6,000	2,400	-	35,539	45,539
	132,699	29,431	550	200	27,093	-	56,379	53,492	-	35,539	335,383
Membership/user fees/other	-	-	340,128	-	-	-	54,830	2,986	-	4,971	402,915
Donations and fundraising	2,148	138	1,122	48	-	-	330	636	-	11,791	16,213
	134,847	29,569	341,800	248	27,093	-	111,539	57,114	-	52,301	754,511
<b>Program expenditures</b>											
Salaries and wages	103,034	17,081	172,486	4,463	7,415	19,594	79,609	27,521	25,763	1,569	458,535
Employee benefits	32,005	7,170	25,411	670	1,077	2,178	11,052	5,939	4,882	177	90,561
Materials and supplies	3,393	786	19,303	158	15,456	19	16,847	22,089	-	31,078	109,129
Purchase of services	1,066	5,694	30,412	168	2,218	244	2,295	3,129	-	7,299	52,525
	139,498	30,731	247,612	5,459	26,166	22,035	109,803	58,678	30,645	40,123	710,750
<b>Net revenue over expenses (expenses over revenue)</b>	(4,651)	(1,162)	94,188	(5,211)	927	(22,035)	1,736	(1,564)	(30,645)	12,178	43,761
<b>Net assets, beginning of year</b>	-	-	169,062	-	3,418	20,499	37,657	16,574	-	30,548	277,758
<b>Transfers (Board approved)</b>	4,651	1,162	(46,428)	5,211	-	1,536	-	-	30,645	-	(3,223)
<b>Net assets, end of year</b>	\$ -	\$ -	\$ 216,822	\$ -	\$ 4,345	\$ -	\$ 39,393	\$ 15,010	\$ -	\$ 42,726	\$ 318,296

The transfer from the After School Program to cover the deficit of various fund was based on the Minutes of the Board for January 27, 2020. The Board also approved \$3,223 from restricted program fund to cover administrative deficit from 2016.