TORONTO

REPORT FOR ACTION

Association of Community Centres Settlement of Operating Results for Year Ended 2019

Date: September 27, 2021
To: Budget Committee
From: Chief Financial Officer and Treasurer
Wards: All

SUMMARY

This report recommends settlement with the Association of Community Centres (AOCCs) for 2019 based on audited financial results.

While normally the prior year end settlement reports for both Association of Community Centres and Arena Boards are submitted together to Council in the following year, the 2019 settlement reports were delayed due to delays in completing the 2019 audits, and further delayed by the impact of COVID-19 on the City's 2020 priorities.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council direct the 2019 operating surpluses of eight of the centres (Applegrove Community Complex, Community Centre 55, Cecil Street Community Centre, Central Eglinton Community Centre, Eastview Neighbourhood Community Centre, Ralph Thornton Community Centre, Swansea Town Hall Community Centre and Waterfront Community Centre) totalling $101,540 be paid to the City of Toronto and the City of Toronto provide one centre (Scadding Court Community Centre) with a supplementary subsidy to fund the operating deficit of $18,758, resulting in a net operating surplus of $82,782 to be received by the City, as illustrated in Appendix A of this report.

FINANCIAL IMPACT

The Association of Community Centres (AOCCs) is comprised of 10 community centres. Based on fiscal 2019's financial results, eight centres will return their surplus of $101,540 to the City and one centre will receive a supplementary subsidy from the City to eliminate its deficit of $18,758. The total financial impact resulting from these activities will result in a net receivable of $82,782 from the AOCCs to the City. The remaining centre, The 519 Church Street Community Centre, did not recognize a surplus or deficit for the 2019 year-end and therefore will not return nor receive any operating subsidy payments.

DECISION HISTORY

At its meeting of July 24, 25 and 26, 2001, City Council adopted Policy and Finance Committee Report 11, Clause 6, entitled "Association of Community Centres (AOCCs), Community Centres Deficits". Among others, Council directed that the Chief Financial Officer and Treasurer report on the AOCCs surplus/deficit upon receipt of the annual audited financial statements, as the practice in the former City of Toronto.

At its meeting of April 14, 15, and 16, 2003, City Council adopted Policy and Finance Committee Report 3, Clause 11, entitled "Governance Review of the Association of Community Centres (AOCCs)". Among others, Council determined that the City continue to provide core administration funding to the AOCCs; the Centres' Boards are expected to operate within the approved budgets; that administrative surpluses be returned to the City and administrative deficits be funded by the City, upon Council approval.

The AOCCs' financial statements are prepared under the Canadian Generally Accepted Accounting Principles (GAAP) that are applicable to the Public Sector Accounting Board (PSAB) requirements for government and not-for-profit entities. Accounting and reporting under PSAB requires that all known liabilities, including liabilities related to post-employment benefits as well as those related to retirees, be reflected in the public sector financial statements.

COMMENTS

Settlement of 2019 Operating Results

The 2019 financial statements for AOCCs were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) applicable to the Public Sector Accounting Board (PSAB) requirements for government not-for-profit entities. Accounting and reporting under PSAB requires entities to recognize capital assets, as well as accrue all known liabilities on the Statement of Financial Position, including unpaid employee benefits such as accrued vacation pay. As mentioned earlier, the City of Toronto is responsible for these benefits and, accordingly, a corresponding receivable from the City is recorded on the Statement of Financial Position for each Community Centre.

A review of the audited financial statements for the year ended December 31, 2019 indicates that eight Community Centres reported a surplus amounting to $101,540 while one Community Centre realized a year-end deficit of $18,758, resulting in a net overall surplus of $82,782. The year-end variance for the 519 Church Street Community Centre was $0 net. Details are summarized in Appendix A of this report.

The key year-end financial results are driven by:

Cecil Street Community Centre
The AOCC's surplus of $28,670 is mainly due to underspending in salaries and benefits from a fundraising coordinator position being vacant for over ten months.

Central Eglinton Community Centre
The AOCC's surplus of $70,298 is due to underspending in salaries and benefits as a result of a management staff vacancy for over nine months, in addition to lower than anticipated advertising expenses.

Scadding Court Community Centre
The deficit of $18,758 is primarily due to added salaries and benefits costs related to the pay out of banked vacation and lieu time associated with a retirement. Additionally, the community centre incurred unanticipated costs for the relaying of telephone cabling required earlier than expected.

The remainder of the reported AOCCs surpluses/deficits were minor variances resulting from day-to-day operations and considered insignificant for further disclosure.

As per the Over-Expenditure Pre-Approval process established in 2016, the Financial Planning Division is taking all necessary steps to ensure AOCCs continue to comply with the pre-approval process for all deficits.

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SIGNATURE

Heather Taylor
Chief Financial Officer and Treasurer

ATTACHMENTS

Appendix A – Association of Community Centres Summary of Net Payable to City / Community Centres for 2019

Appendix A

Association of Community Centres Summary of Net Payable to City / Community Centres for 2019			
Community Centre	**Net Surplus**	**Net (Deficit)**	**Total Net Adjusted Settlement to City/(Centre)**
Applegrove Community Complex	50		50
Cecil Street Community Centre	28,670		28,670
Central Eglinton Community Centre	70,298		70,298
Community Centre 55	14		14
Eastview Neighbourhood Community Centre	1,226		1,226
Ralph Thornton Community Centre	1,114		1,114
Scadding Court Community Centre		(18,758)	(18,758)
Swansea Town Hall Community Centre	123		123
Waterfront Community Centre	45		45
519 Church Street Community Centre	-	-	-
TOTAL	**$ 101,540**	**$ (18,758)**	**$ 82,782**