

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
For the year ended
DECEMBER 31, 2021

Management's Responsibility for the Financial Statements

The financial statements of the Board of Management for the 519 Church Street Community Centre ("The 519") are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The 519's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews The 519's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the City of Toronto's Auditor General's Office, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on The 519's financial statements.

Pam Frick

..... Chairperson

Michael Cherny

..... Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND
THE BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE***Qualified Opinion*

We have audited the accompanying financial statements of The Board of Management for the 519 Church Street Community Centre ("The 519"), which comprise the statement of financial position as at December 31, 2021, 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.

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 519 as at December 31, 2021 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 519 derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The 519 and we were not able to determine whether any adjustments might be necessary to donations revenue, fundraising revenue, net revenue over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 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 519 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 519'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 519 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The 519'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 519'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 519'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 519 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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 25, 2022

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,195,036	\$ 1,959,723
Investments	25,000	25,000
Due from City of Toronto (note 8)	151,902	185,457
Accounts receivable	469,771	609,736
Inventories	6,671	13,724
Prepaid expenses	<u>41,500</u>	<u>50,375</u>
	3,889,880	2,844,015
DUE FROM CITY OF TORONTO (note 7)	361,078	345,419
TANGIBLE CAPITAL ASSETS (note 3)	<u>208,610</u>	<u>139,353</u>
	<u>\$ 4,459,568</u>	<u>\$ 3,328,787</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Due to City of Toronto	\$ 3,845	\$ 35,627
Accounts payable and accrued liabilities	454,178	424,907
Deferred revenue	50,000	60,000
Deferred contributions (note 5)	<u>1,553,012</u>	<u>1,122,447</u>
	2,061,035	1,642,981
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	82,420	67,268
POST-EMPLOYMENT BENEFITS PAYABLE (note 7)	<u>361,078</u>	<u>345,419</u>
	<u>2,504,533</u>	<u>2,055,668</u>
NET ASSETS		
Invested in tangible capital assets, internally restricted (note 9)	126,190	72,085
Program reserve, internally restricted (note 10)	582,959	447,811
Capital reserve, internally restricted (note 10)	104,567	36,993
Fund balances, externally restricted (schedule B and note 11)	124,598	125,416
Intermediary balances, externally restricted (schedule C and note 12)	29,138	22,145
Unrestricted	<u>987,583</u>	<u>568,669</u>
	<u>1,955,035</u>	<u>1,273,119</u>
	<u>\$ 4,459,568</u>	<u>\$ 3,328,787</u>

Approved by the Board:

Pam Frick

..... Chair

Michael Cherny

..... Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	<u>Internally Restricted</u>			<u>Externally Restricted</u>		<u>Unrestricted</u>	<u>Total 2021</u>	<u>Total 2020</u>
	<u>Invested in Tangible Capital Assets</u>	<u>Program Reserve (note 10)</u>	<u>Capital Reserve (note 10)</u>	<u>Fund Balances (note 11)</u>	<u>Intermediary Balances (note 12)</u>			
Net assets, beginning of year	\$ 72,085	\$ 447,811	\$ 36,993	\$ 125,416	\$ 22,145	\$ 568,669	\$ 1,273,119	\$ 863,666
Net revenue over expenses	-	-	-	-	-	675,741	675,741	402,328
Net revenue over expenses (expenses over revenue) - fund and intermediary balances	-	-	-	(818)	6,993	-	6,175	7,125
Investment in tangible capital assets	74,142	-	-	-	-	(74,142)	-	-
Amortization of tangible capital assets	(20,037)	-	-	-	-	20,037	-	-
Interfund transfers	-	135,148	67,574	-	-	(202,722)	-	-
Net assets, end of year	<u>\$ 126,190</u>	<u>\$ 582,959</u>	<u>\$ 104,567</u>	<u>\$ 124,598</u>	<u>\$ 29,138</u>	<u>\$ 987,583</u>	<u>\$ 1,955,035</u>	<u>\$ 1,273,119</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	<u>Program</u>	<u>Administration</u> (note 8)	<u>2021</u>	<u>2020</u>
Revenue				
Grants				
City of Toronto	\$ 969,516	\$ 1,646,178	\$ 2,615,694	\$ 2,270,459
United Way	423,599	-	423,599	378,285
Government of Canada	1,059,704	-	1,059,704	941,663
Others	259,949	-	259,949	185,940
Province of Ontario	<u>180,571</u>	<u>-</u>	<u>180,571</u>	<u>90,936</u>
	2,893,339	1,646,178	4,539,517	3,867,283
Donations	1,249,062	-	1,249,062	1,479,757
Fundraising	623,209	-	623,209	883,375
Cafe	-	-	-	96,044
Workshops, education and training	235,252	-	235,252	89,645
Rental fees	4,285	-	4,285	9,111
Other revenue	7,674	-	7,674	5,248
Interest	15,347	-	15,347	7,025
Amortization of deferred capital contributions	<u>9,052</u>	<u>753</u>	<u>9,805</u>	<u>9,053</u>
	<u>5,037,220</u>	<u>1,646,931</u>	<u>6,684,151</u>	<u>6,446,541</u>
Expenses (Schedule A)				
Salaries and wages	2,346,720	1,031,647	3,378,367	3,450,630
Employee benefits	577,950	293,562	871,512	894,359
Purchase of services	1,051,473	125,729	1,177,202	1,040,551
Materials, supplies and services	356,247	195,240	551,487	634,350
Amortization of tangible capital assets	<u>29,089</u>	<u>753</u>	<u>29,842</u>	<u>24,323</u>
	<u>4,361,479</u>	<u>1,646,931</u>	<u>6,008,410</u>	<u>6,044,213</u>
Net revenue over expenses	<u>\$ 675,741</u>	<u>\$ -</u>	<u>\$ 675,741</u>	<u>\$ 402,328</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenue over expenses	\$ 675,741	\$ 402,328
Net revenue over expenses - fund and intermediary balances	<u>6,175</u>	<u>7,125</u>
	681,916	409,453
Adjustments for:		
Amortization of tangible capital assets	29,842	24,323
Amortization of deferred capital contributions	<u>(9,805)</u>	<u>(9,053)</u>
	701,953	424,723
Increase (decrease) resulting from changes in:		
Due from City of Toronto	33,555	(95,025)
Accounts receivable	139,965	(38,416)
Inventories	7,053	6,600
Prepaid expenses	8,875	(5,479)
Long term amount due from City of Toronto	(15,659)	(7,487)
Due to City of Toronto	(31,782)	32,375
Accounts payable and accrued liabilities	29,271	48,713
Deferred revenue	(10,000)	60,000
Deferred contributions	430,565	252,784
Post-employment benefits payable	<u>15,659</u>	<u>7,487</u>
	<u>1,309,455</u>	<u>686,275</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets - program	(99,099)	(41,926)
Amount funded by deferred contributions	<u>24,957</u>	<u>-</u>
	<u>(74,142)</u>	<u>(41,926)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,235,313	644,349
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,959,723</u>	<u>1,315,374</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,195,036</u>	<u>\$ 1,959,723</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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 No. 519 Church Street as a community recreation centre under the authority of the Municipal Act, known as 519 Church Street Community Centre ("The 519"). The 519 is a not-for-profit organization and, as such, is exempt from income tax.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profits ("PSAS-GNFPO"), including the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Revenue recognition

The 519 follows the restricted fund method of accounting for contributions to funds detailed in Schedule B and The 519 follows the deferral method of accounting for all other contributions. Unrestricted 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

Workshop fees, rental and similar revenues are recognized as the services are provided.

Cafe revenues from the restaurant are recognized as earned, upon performance of the service.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash on deposit with financial institutions and savings funds with original maturities of less than three months at the date of acquisition.

Financial instruments

The 519 initially measures its financial assets and financial liabilities at fair value.

The 519 subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, short-term investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

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. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

Computers	- 3 years straight line
Furniture and equipment	- 3 to 5 years straight line
Website	- 10 years straight line
Capital improvements	- 20 years straight line

Employee related costs

The 519 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 519's employees. Due to the nature of the Plan, The 519 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 519 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 519 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 the 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 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 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Administrative				
Building fixtures	\$ 15,137	\$ 12,126	\$ 11,373	\$ 11,373
Furniture and equipment	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
	16,637	13,626	12,873	12,873
Less: accumulated amortization	<u>(13,626)</u>		<u>(12,873)</u>	
	<u>3,011</u>		<u>-</u>	
Program				
Computers	169,916	169,916	169,916	164,358
Furniture and equipment	618,989	585,645	603,624	572,574
Website	24,370	24,370	24,370	24,370
Capital improvements	<u>209,189</u>	<u>36,934</u>	<u>129,219</u>	<u>26,474</u>
	1,022,464	\$ 816,865	927,129	\$ 787,776
Less: accumulated amortization	<u>(816,865)</u>		<u>(787,776)</u>	
	<u>205,599</u>		<u>139,353</u>	
Total assets	1,039,101	\$ 830,491	940,002	\$ 800,649
Less: accumulated amortization	<u>(830,491)</u>		<u>(800,649)</u>	
	<u>\$ 208,610</u>		<u>\$ 139,353</u>	

4. CREDIT FACILITIES

The 519 has an operating demand loan with an authorized limit of \$350,000, of which \$nil (2020 - \$nil) was utilized at year-end. The demand loan bears interest at bank prime plus 2% and is secured by The 519's cash and cash equivalents and short-term investments.

5. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,122,447	\$ 869,663
Add: contributions received	4,991,275	4,120,067
Less: recognized as revenue	(4,539,517)	(3,867,283)
Less: amounts transferred to deferred capital contributions	<u>(21,193)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,553,012</u>	<u>\$ 1,122,447</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of the following:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 67,268	\$ 76,321
Add: contributions spent on tangible capital assets	24,957	-
Less: amortization of deferred capital contributions	<u>(9,805)</u>	<u>(9,053)</u>
Balance, end of year	\$ <u>82,420</u>	\$ <u>67,268</u>

7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG TERM AMOUNT RECEIVABLE

The 519 participates in a number of defined benefits 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 519'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, the 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 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 519 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, 2021 with projections to December 31, 2024. 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 6.0%
- rate of compensation increase - 3.0% to 3.5%
- discount rates - post-retirement 2.7%, post-employment 2.0%, sick leave 2.1%

Information about The 519's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2021</u>	<u>2020</u>
Post-retirement benefits	\$ 268,775	\$ 220,115
Add: unamortized actuarial gain	<u>92,303</u>	<u>125,304</u>
Post-employment benefit liability	\$ <u>361,078</u>	\$ <u>345,419</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

7. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG TERM AMOUNT RECEIVABLE - Cont'd.

The continuity of the accrued benefit obligation is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 345,419	\$ 337,932
Current service cost	29,444	23,878
Interest cost	4,980	4,827
Amortization of actuarial gain	(17,641)	(20,048)
Expected benefits paid	<u>(1,124)</u>	<u>(1,170)</u>
Balance, end of year	<u>\$ 361,078</u>	<u>\$ 345,419</u>

A long-term receivable from the City of \$361,078 (2020 - \$345,419) 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 continues to be responsible for the benefit liabilities of administration staff that may be incurred by The 519.

The 519 also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its eligible employees. The OMERS plan (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 \$297,303 in 2021 (2020 - \$303,152).

The most recent actuarial valuation of the Plan as at December 31, 2020 indicates that the Plan is in a deficit position and the Plan's December 31, 2020 financial statements indicate a net deficit of \$69 million (a deficit of \$3.131 billion plus adjustment of \$3.062 billion of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan's assets and future investment earnings will be sufficient to provide for all future benefits. At this time, The 519's contributions accounted for an insignificant portion of the Plan's total employer contribution. Additional contributions, if any, required to address The 519's proportionate share of the deficit will be expensed during the period incurred.

8. 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 payable to the City. Deficits, excluding those accruals for long-term employee benefits, are funded by The 519 unless Council approval has been obtained for additional funding.

	Budget <u>2021</u> (unaudited)	<u>2021</u>	<u>2020</u>
Administration expenses:			
Salaries and wages	\$ 996,680	\$ 1,031,647	\$ 1,015,601
Employee benefits	302,139	293,562	265,847
Purchase of services	144,895	125,729	118,205
Materials, supplies and services	186,805	195,240	188,495
Amortization of tangible capital assets	<u>-</u>	<u>753</u>	<u>-</u>
	<u>\$ 1,630,519</u>	<u>1,646,931</u>	<u>1,588,148</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

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

	<u>2021</u>	<u>2020</u>
The 519's actual administration revenue:		
Administration budget	\$ 1,630,519	\$ 1,570,833
Adjustments for:		
Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto	15,659	7,487
Amortization of tangible capital assets not funded by deferred	753	-
Administration tangible capital asset acquisitions	(3,764)	-
Difference between funding received and budgeted	<u>-</u>	<u>1</u>
	<u>1,643,167</u>	<u>1,578,321</u>
 Administration expenses over approved budget	 <u>\$ 3,764</u>	 <u>\$ 9,827</u>

The Due from City of Toronto balance is comprised of:

	<u>2021</u>	<u>2020</u>
Miscellaneous trade payables	\$ 86,211	\$ 123,530
2019 deficit receivable	52,100	52,100
2020 deficit receivable	9,827	9,827
2021 deficit receivable	<u>3,764</u>	<u>-</u>
	<u>\$ 151,902</u>	<u>\$ 185,457</u>

9. INVESTED IN TANGIBLE CAPITAL ASSETS

Investment in tangible capital assets is calculated as follows:

	<u>2021</u>	<u>2020</u>
Tangible capital assets	\$ 208,610	\$ 139,353
Amounts financed by deferred capital contributions	<u>(82,420)</u>	<u>(67,268)</u>
	<u>\$ 126,190</u>	<u>\$ 72,085</u>

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

	<u>2021</u>	<u>2020</u>
Net revenue over expenses (expenses over revenue)		
Amortization of deferred capital contributions	\$ 9,805	\$ 9,053
Amortization of tangible capital assets	<u>(29,842)</u>	<u>(24,323)</u>
	<u>\$ (20,037)</u>	<u>\$ (15,270)</u>
Net investment in capital assets		
Tangible capital assets acquired	<u>\$ 74,142</u>	<u>\$ 41,926</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

10. RESERVES, INTERNALLY RESTRICTED

Program reserve

The 519's Program Reserve Policy was established by the Board to ensure the stability of The 519's mission, programs and ongoing operations and to provide a source of internal funds for planned and emerging organizational priorities such as programming, capacity building, special projects, human resource liabilities, and emergency needs. The funds set aside exclude grant funding and other defined contributions. As at December 31, 2021, The 519 had \$582,959 (2020 - \$447,811) set aside in the Program Reserve.

Capital reserve

The 519's Capital Reserve was established by the Board to ensure access to funds required to pay for capital expenses below the \$50,000 to meet its obligations under the Relationship Framework. As at December 31, 2021, The 519 had \$104,567 (2020 - \$36,993) set aside in the Capital Reserve.

11. FUND BALANCES, EXTERNALLY RESTRICTED

Fund balances can be summarized as follows:

	<u>2021</u>	<u>2020</u>
AIDS Vigil (a)	\$ 12,267	\$ 7,800
AIDS Memorial (b)	54,445	55,155
Kyle Scanlon Memorial (c)	21,600	25,000
Will Munro (d)	19,857	21,032
Sunday Drop-in Community Fund (e)	<u>16,429</u>	<u>16,429</u>
	<u>\$ 124,598</u>	<u>\$ 125,416</u>

Schedule B to these financial statements reflects the revenue, expenses and surplus of the above noted Fund balances.

(a) AIDS Vigil

This fund was established in 1998 to fund expenditures related to the AIDS Candlelight Vigil. This event is held annually in June to remember those who have died from AIDS.

(b) AIDS Memorial

Since 1990, the Board has accepted donations for the establishment of an AIDS Memorial. This is a joint project between the City, The 519, various funding agencies including other charitable foundations and individual and corporate donors. The AIDS Memorial Fund was established to fund expenditures related to the AIDS Memorial, which is located in Cawthra Park.

(c) Kyle Scanlon Memorial

Created in 2012 as a legacy in memory of Kyle Scanlon, a much-loved trans activist and staffer of The 519. The Kyle Scanlon Memorial Fund is intended to support projects and initiatives important to members of trans communities locally and provincially. In 2018, after community, family and staff consultation, the Board approved the terms of reference for the use of the funds which will begin in 2019. In addition, the Board approved a transfer of \$nil from the unrestricted fund (2020 - \$12,676).

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

11. FUND BALANCES, EXTERNALLY RESTRICTED - Cont'd.

(d) Will Munro

Established in 2010 by the friends and family of Will Munro, the Will Munro Fund for Queer and Trans People Living with Cancer will serve as a dedicated emergency relief fund offering financial assistance to LGBTQ people of all ages who are currently living with cancer in Ontario.

(e) Sunday Drop Community Fund

Established as a restricted-use fund in 2017, based on a gift from a donor, to provide emergency support and an annual commemorative event and celebration of The 519's Sunday Drop-in (SDI) program participants for a five-year duration.

12. INTERMEDIARY BALANCES, EXTERNALLY RESTRICTED

Intermediary balances can be summarized as follows:

	<u>2021</u>	<u>2020</u>
ORAD (f)	\$ 6,445	\$ 6,445
HOLA (g)	1,270	1,270
Senior Pride Network (h)	14,253	14,342
Alliance for Equity of Blind Canadians (i)	88	88
Black Femme Legal (j)	<u>7,082</u>	<u>-</u>
	<u>\$ 29,138</u>	<u>\$ 22,145</u>

Schedule C to these financial statements reflects the revenue, expenses and surplus of the above noted Intermediary balances.

(f) ORAD

ORAD is a social and support group for Deaf Gay Men, Lesbians, Bisexuals and Trans People. Their project, Austin Unbound, brought the film regarding a Deaf man's choice to get a double mastectomy. The film was followed by a discussion with the filmmaker, Eliza Greenwood about issues faced by Austin. This provided an outreach opportunity to Deaf Transsexual and Transgender people, and an educational event for the membership of ORAD. The 519 acts as intermediary for this fund.

(g) HOLA

Hola is a social and support group for Spanish speaking Gay Men, Lesbians, Bisexuals and Trans People. The project is meant to increase their visibility in the community through supporting their social events and their Pride Week activities. The 519 acts as intermediary for this fund.

(h) Senior Pride Network

The Senior Pride Network is an association committed to promoting the delivery of appropriate positive community and health services for older Gay, Lesbian, Bisexual, Transgender, Transsexual, Intersexed and 2 Spirited people in Toronto. The 519 acts as intermediary for this fund.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

12. INTERMEDIARY BALANCES, EXTERNALLY RESTRICTED - Cont'd.

(i) Alliance for Equity of Blind Canadians

Alliance of Equality for Blind Canadians is a peer support advocacy organization promoting equal access and participation of the blind, partially sighted and deaf/blind in mainstream society for the "Inclusive Employment Advocacy" Project. The 519 acts as intermediary for this fund.

(j) Black Femme Legal

Black Femme Legal is an award-winning workplace toolkit for Black queer women, femmes and gender diverse folks across the 2SLGBTQI+ spectrum in Ontario needing workplace-related support. The 519 acts as intermediary for this fund.

13. FINANCIAL INSTRUMENTS

The 519 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 519's main financial risk exposures and its financial risk management policies are as follows:

Credit risk

The 519 is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The 519's maximum exposure to credit risk represents the sum of the carrying value of its cash and cash equivalents, short-term investments and accounts receivable. The 519's cash and cash equivalents and short-term investments are deposited with a Canadian Chartered bank and, as a result, management believes the risk of loss on these items to be remote. Management believes that The 519's credit risk with respect to accounts receivable is limited. The 519 manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Liquidity risk

Liquidity risk is the risk that The 519 cannot meet a demand for cash or fund its obligations as they become due. The 519's financial liabilities are comprised of accounts payable and accrued liabilities, and trust accounts. The 519 manages its liquidity risk by monitoring its cash flow requirements on a regular basis. The 519 believes its overall liquidity risk to be minimal as The 519's financial assets are considered to be highly liquid.

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 519's financial instruments are all denominated in Canadian dollars and The 519 transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

13. FINANCIAL INSTRUMENTS - Cont'd.

Market risk - Cont'd.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The 519's cash and cash equivalents and short-term investments earn interest at prevailing market rates. As a result the interest rate exposure related to these financial instruments is a result of interest rate movements.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The 519 is not exposed to significant other price risk.

Changes in risk

There have been no significant changes in The 519's risk exposures from the prior year.

14. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19

In mid-March 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of COVID-19.

In response to public health directions to reduce group activities as part of the efforts to reduce the spread of the virus, The 519 building was closed to the public on March 14, 2020. The 519 continued to provide essential services including an expanded daily meal program and telephone counselling services to its clients. The 519's largest fundraising event, the Green Space Festival, planned for late June was not held as part of the impact of this subsequent event.

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 519's operations will be impacted or the severity of the impact. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity will have on The 519's operations, assets, liabilities, revenues and expenses are unknown at this time.

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
SCHEDULE OF PROGRAM EXPENDITURES BY ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
General	\$ 328,192	\$ 599,717
Fundraising, philanthropy and membership	506,350	486,965
Community Programs/Services	3,497,421	2,831,137
Social/Productive Enterprises	427	485,468
Recreation centre development	-	28,455
Amortization of capital assets	<u>29,089</u>	<u>24,323</u>
	<u>\$ 4,361,479</u>	<u>\$ 4,456,065</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021

	<u>AIDS Vigil</u>		<u>AIDS Memorial</u>		<u>Kyle Scanlon Memorial</u>		<u>Will Munro</u>		<u>Sunday Drop-in Community Fund</u>		<u>Total Fund Balances</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue												
Donation, grants, and fundraising	\$ 5,900	\$ -	\$ 369	\$ 2,448	\$ 225	\$ 2,705	\$ 3,925	\$ 8,198	\$ -	\$ -	\$ 10,419	\$ 13,351
Expenses												
Professional services	1,402	-	1,079	-	-	-	-	-	-	-	2,481	-
Material, supplies and services	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,625</u>	<u>8,200</u>	<u>5,100</u>	<u>5,225</u>	<u>-</u>	<u>-</u>	<u>8,756</u>	<u>13,425</u>
	<u>1,433</u>	<u>-</u>	<u>1,079</u>	<u>-</u>	<u>3,625</u>	<u>8,200</u>	<u>5,100</u>	<u>5,225</u>	<u>-</u>	<u>-</u>	<u>11,237</u>	<u>13,425</u>
Excess of revenue over expenses (expenses over revenue)	4,467	-	(710)	2,448	(3,400)	(5,495)	(1,175)	2,973	-	-	(818)	(74)
Interfund transfers	-	-	-	-	-	12,676	-	-	-	-	-	12,676
Balance, beginning of year	<u>7,800</u>	<u>7,800</u>	<u>55,155</u>	<u>52,707</u>	<u>25,000</u>	<u>17,819</u>	<u>21,032</u>	<u>18,059</u>	<u>16,429</u>	<u>16,429</u>	<u>125,416</u>	<u>112,814</u>
Balance, end of year	<u>\$ 12,267</u>	<u>\$ 7,800</u>	<u>\$ 54,445</u>	<u>\$ 55,155</u>	<u>\$ 21,600</u>	<u>\$ 25,000</u>	<u>\$ 19,857</u>	<u>\$ 21,032</u>	<u>\$ 16,429</u>	<u>\$ 16,429</u>	<u>\$ 124,598</u>	<u>\$ 125,416</u>

BOARD OF MANAGEMENT FOR THE 519 CHURCH STREET COMMUNITY CENTRE
SCHEDULE OF OPERATIONS AND CHANGES IN INTERMEDIARY BALANCES
YEAR ENDED DECEMBER 31, 2021

	ORAD		HOLA		Senior Pride Network		Alliance for Equity of Blind Canadians		Black Femme Legal		Total Intermediary Fund Balances	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue												
Donation, grants, and fundraising	\$ -	\$ 1,006	\$ -	\$ -	\$ 1,884	\$ 10,702	\$ -	\$ -	\$ 90,000	\$ -	\$ 91,884	\$ 11,708
Expenses												
Professional services	-	-	-	-	1,000	-	-	2,509	79,877	-	80,877	2,509
Material, supplies and services	-	2,000	-	-	973	-	-	-	3,041	-	4,014	2,000
	-	2,000	-	-	1,973	-	-	2,509	82,918	-	84,891	4,509
Excess of revenue over expenses (expenses over revenue)	-	(994)	-	-	(89)	10,702	-	(2,509)	7,082	-	6,993	7,199
Balance, beginning of year	<u>6,445</u>	<u>7,439</u>	<u>1,270</u>	<u>1,270</u>	<u>14,342</u>	<u>3,640</u>	<u>88</u>	<u>2,597</u>	<u>-</u>	<u>-</u>	<u>22,145</u>	<u>14,946</u>
Balance, end of year	<u>\$ 6,445</u>	<u>\$ 6,445</u>	<u>\$ 1,270</u>	<u>\$ 1,270</u>	<u>\$ 14,253</u>	<u>\$ 14,342</u>	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 7,082</u>	<u>\$ -</u>	<u>\$ 29,138</u>	<u>\$ 22,145</u>

April 20, 2022

Board of Management for the 519 Church Street Community Centre
519 Church Street
Toronto, Ontario
M4Y 2C9

PRIVATE AND CONFIDENTIAL

Attention: Ms. Maura Lawless,
Executive Director

Dear Maura:

Re: Audit of the December 31, 2021 Financial Statements

During the course of our audit of the financial statements of the Board of Management for the 519 Church Street Community Centre ("The 519") for the year ended December 31, 2021, we identified some matters which may be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we outlined matters below along with some suggestions for your consideration.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff.

Issue #1 - Controls over Mastercard expenses

During the course of our audit, we noted during our audit that Mastercard reconciliations are being prepared by Directors and Managers for their own expenses. The Director of Finance explained they review the Mastercard reconciliations when entering into them into the accounting system but there is no evidence of approval. It is essential to have documentation to indicate that each Mastercard transaction is reviewed and approved by someone other than those initiating the expenditure. We recommend that the Centre implement a formal approval process for monthly Mastercard reconciliations so that approval is formally segregated from those incurring the expenses.

Management's Comments

- *The Mastercard reconciliation process was moved to completely digital due to remote working conditions related to COVID. The digital reconciliation files are provided to Directors and Managers for them to reconcile themselves, and then they deliver the file to Finance by email. Individual transaction amounts are below the Director and Manager expense approval limits. Then final review and approval are completed by the Director, Finance while saving a final copy of the reconciliation file on the server and posting the reconciliation to Sage 300.*
- *A digital signature line can be added to the reconciliation file for additional approval documentation.*

Issue #2 - Controls over Pre-Authorized Payments (PAPs)

During the course of our audit, we also noted that evidence of approval for some recurring pre-authorized payments (PAPs) for Mastercard could not be provided. This may also be the case for other vendors paid by PAP not identified in our testing. We recommend that the Board of Directors maintain a list of pre-approved vendors for PAPs. Any additional vendor that the Director of Finance would like to pay should require Board approval and be added by the Board to the list of pre-approved vendors for PAPs. Additionally, payments made from the bank should be compared to the cheque requisition/invoice by the individual whose responsibility it is to review the monthly bank reconciliation and any significant variances should be followed up on.

Management's Comments

- *Some recurring vendors were moved to pre-authorized payments due to remote working conditions related to COVID. This was to alleviate the issue of bills not being received and processed on time because staff were onsite less often to receive the mail. It is assumed that if any discrepancies in billing occur, that reconciliation would occur on future billings.*
- *Finance will generate a complete list of the vendors set up for pre-authorized payments per the recommendation.*

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from your staff.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

Welch LLP

A handwritten signature in cursive script that reads "Christa Casey".

Christa Casey, CPA, CA
Partner