

Association of Community Centres Settlement of Operating Results for Year Ended 2020

Date: June 9, 2022

To: Executive Committee

From: Chief Financial Officer and Treasurer

Wards: All

SUMMARY

On an annual basis, the City of Toronto receives the audited financial statements from 10 Association of Community Centres (AOCCs). The audited financial statements allow the City to determine whether additional operating subsidy payments need to be provided to or clawed back from the AOCCs to settle their operating deficits or surpluses.

This report recommends settlement with the Association of Community Centres for 2020 based on their audited financial results as of December 31, 2020.

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 2020 settlement reports were delayed due to delays in completing the 2020 audits, and further delayed by the impact of COVID-19 on the City's 2021 priorities. City staff will present the 2021 Settlement Reports at the first opportunity to the new term of City Council for consideration and approval.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council direct the 2020 operating surpluses of five of the centres (Applegrove Community Complex, Cecil Street Community Centre, Central Eglinton Community Centre, Community Centre 55 and Ralph Thornton Community Centre) totalling \$181,633 be paid to the City of Toronto and the City of Toronto provide five centres (Eastview Neighbourhood Community Centre, Scadding Court Community Centre, Swansea Town Hall Community Centre, Waterfront Community Centre and 519 Church

Street Community Centre) with supplementary subsidies to fund the operating deficits totalling \$65,424, resulting in a net operating surplus of \$116,209 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 2020's financial results, five centres will return their surpluses totalling \$181,633 to the City and five centres will receive supplementary subsidies from the City to eliminate the deficits totalling \$65,424. The total financial impact resulting from these activities will result in a net receivable of \$116,209 from the AOCCs to the City.

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.

COMMENTS

Settlement of 2020 Operating Results

The 2020 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 tangible 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, 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, 2020 indicates that five community centres reported surpluses amounting to \$181,633 while five community centres realized year-end deficits amounting to \$65,424, resulting in a net overall surplus of \$116,209. Details are summarized in Appendix A of this report.

The key year-end financial results are driven by:

- **Central Eglinton Community Centre** - The surplus of \$74,053 is primarily due to underspending in salaries and benefits as a result of the Volunteer Coordinator position being vacant for the majority of the year.
- **Ralph Thornton Community Centre** - The surplus of \$74,605 is primarily due to underspending in salaries and benefits and other savings in utilities and services due to closures and reduction in operations as a result of COVID-19 impacts.
- **Eastview Neighbourhood Community Centre** - The deficit of \$30,520 is primarily due to added salaries and benefits costs related to the pay out of banked vacation and a pension adjustment associated with a retirement.

The remainder of the reported surpluses resulted from savings in salaries and benefits and other day-to-day expenses due to the reduction in operations caused by COVID-19 shutdowns. In addition to those mentioned above, the following AOCCs reported surpluses in 2020: Applegrove Community Complex; Cecil Street Community Centre; and Community Centre 55.

The remainder of the reported AOCCs deficits resulted from centres which remained open during COVID-19 shutdowns due to providing essential services, such as food securities, and those which opened more quickly as COVID-19 restrictions lifted due to building capacity which allowed for social distancing and other public health protocols. In addition, some centres moved programming to a virtual platform. Any savings achieved by these centres from reduced operations due to shutdowns were more than offset by increased spending on COVID-19 related overtime, supplies, personal protective equipment as well as technology related spending. In addition to Eastview Neighbourhood Community Centre, AOCCs experiencing a deficit in 2020 included: Scadding Court Community Centre; Swansea Town Hall Community Centre; Waterfront Community Centre; and 519 Church Street Community Centre.

All COVID-19 impacts in the form of added costs and revenue losses were tracked throughout the year and included in the City's Safe Restart Agreement (SRA) municipal funding request for 2020.

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 2020

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Association of Community Centres Summary of Net Payable to City / Community Centres for 2020			
Community Centre	Net Surplus	Net (Deficit)	Total Net Adjusted Settlement to City/(Centre)
Applegrove Community Complex	8,984		8,984
Cecil Street Community Centre	10,734		10,734
Central Eglinton Community Centre	74,053		74,053
Community Centre 55	13,257		13,257
Eastview Neighbourhood Community Centre		(30,520)	(30,520)
Ralph Thornton Community Centre	74,605		74,605
Scadding Court Community Centre		(4,650)	(4,650)
Swansea Town Hall Community Centre		(4,517)	(4,517)
Waterfront Community Centre		(15,910)	(15,910)
519 Church Street Community Centre	-	(9,827)	(9,827)
TOTAL	\$ 181,633	\$ (65,424)	\$ 116,209