

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE
For the year ended
DECEMBER 31, 2022

Management's Responsibility for the Financial Statements

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


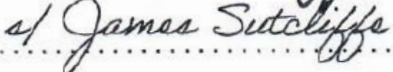
The financial statements have been prepared in compliance with the Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. 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 Centre'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 Centre'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 City Council, 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 Centre's financial statements.


..... Chairperson

..... Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND
THE BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE***Qualified Opinion*

We have audited the accompanying financial statements of Board of Management for the Central Eglinton Community Centre (the Centre), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2022 and results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenue from fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Centre and we were not able to determine whether any adjustments might be necessary to fundraising revenue, net revenue over expenses and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and unrestricted net assets as at January 1 and December 31, 2022 and 2021. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

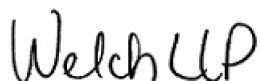
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 30, 2023.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 39,665	\$ 118,992
Investments (note 3)	454,321	441,675
Due from City of Toronto (note 8)	29,081	17,783
Accounts receivable	<u>17,706</u>	<u>9,979</u>
	540,773	588,429
TANGIBLE CAPITAL ASSETS (note 4)	54,468	73,769
DUE FROM CITY OF TORONTO (note 7)	<u>141,170</u>	<u>143,171</u>
	<u>\$ 736,411</u>	<u>\$ 805,369</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Due to City of Toronto (note 8)	\$ 99,191	\$ 110,083
Accounts payable and accrued liabilities	73,121	47,453
Deferred contributions (note 5)	<u>8,723</u>	<u>30,675</u>
	181,035	188,211
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	53,956	73,170
POST-EMPLOYMENT BENEFITS PAYABLE (note 7)	<u>141,170</u>	<u>143,171</u>
	<u>376,161</u>	<u>404,552</u>
NET ASSETS		
Unrestricted	360,250	395,542
Internally restricted (note 3)	<u>-</u>	<u>5,275</u>
	<u>360,250</u>	<u>400,817</u>
	<u>\$ 736,411</u>	<u>\$ 805,369</u>

Approved by the Board:

Harriet Delajée Chair

s/ James Sutcliffe Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2022

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Total 2022</u>	<u>Total 2021</u>
Net assets, beginning of year	\$ 395,542	\$ 5,275	\$ 400,817	\$ 435,304
Net expenses over revenue	(40,567)	-	(40,567)	(34,487)
Interfund transfer (note 3)	<u>5,275</u>	<u>(5,275)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 360,250</u>	<u>\$ -</u>	<u>\$ 360,250</u>	<u>\$ 400,817</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2022

	<u>Parent and Child Program</u>	<u>EarlyON Program</u>	<u>Summer Camp Program</u>	<u>Older Adult Program</u>	<u>Other Programs</u>	<u>Programs Total</u>	<u>Administration (note 8)</u>	<u>2022</u>	<u>2021</u>
Revenue									
Grants									
City of Toronto	\$ -	\$ 32,170	\$ 7,940	\$ 30,529	\$ -	\$ 70,639	\$ 731,314	\$ 801,953	\$ 751,259
Province of Ontario	-	-	-	71,490	-	71,490	-	71,490	46,694
Government of Canada	<u>4,701</u>	<u>-</u>	<u>38,638</u>	<u>-</u>	<u>500</u>	<u>43,839</u>	<u>-</u>	<u>43,839</u>	<u>-</u>
	4,701	32,170	46,578	102,019	500	185,968	731,314	917,282	797,953
Program fees	-	-	44,620	1,686	277	46,583	-	46,583	-
Fundraising	-	-	2,000	-	2,302	4,302	-	4,302	801
Memberships	-	-	2,700	3,409	70	6,179	-	6,179	210
Other revenue	-	-	-	-	6,262	6,262	-	6,262	5,763
Rental fees	-	-	-	-	300	300	-	300	-
Amortization of deferred capital contributions (note 6)	<u>-</u>	<u>502</u>	<u>-</u>	<u>2,322</u>	<u>-</u>	<u>2,824</u>	<u>16,390</u>	<u>19,214</u>	<u>17,387</u>
	4,701	32,672	95,898	109,436	9,711	252,418	747,704	1,000,122	822,114
Expenses									
Salaries and wages	4,881	63,456	72,521	54,313	-	195,171	488,972	684,143	592,498
Employee benefits	482	21,033	6,619	10,056	-	38,190	118,271	156,461	143,983
Materials and supplies	207	853	8,335	32,377	513	42,285	14,825	57,110	28,188
Purchase of services	-	736	5,979	1,985	5,728	14,428	109,246	123,674	74,459
Amortization of tangible capital assets	<u>-</u>	<u>502</u>	<u>-</u>	<u>2,409</u>	<u>-</u>	<u>2,911</u>	<u>16,390</u>	<u>19,301</u>	<u>17,473</u>
	5,570	86,580	93,454	101,140	6,241	292,985	747,704	1,040,689	856,601
Net revenue over expenses (expenses over revenue)	<u>\$ (869)</u>	<u>\$ (53,908)</u>	<u>\$ 2,444</u>	<u>\$ 8,296</u>	<u>\$ 3,470</u>	<u>\$ (40,567)</u>	<u>\$ -</u>	<u>\$ (40,567)</u>	<u>\$ (34,487)</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net expenses over revenue	\$ (40,567)	\$ (34,487)
Adjustments for non-cash items:		
Amortization of tangible capital assets	19,301	17,473
Amortization of deferred capital contributions	<u>(19,214)</u>	<u>(17,387)</u>
	(40,480)	(34,401)
Increase (decrease) resulting from changes in:		
Due from City of Toronto	(11,298)	14,277
Accounts receivable	(7,727)	(1,969)
Prepaid expenses	-	3,687
Long-term amount due from City of Toronto	2,001	7,132
Due to City of Toronto	(10,892)	(91,255)
Accounts payable and accrued liabilities	25,668	(16,282)
Deferred contributions	(21,952)	24,250
Post-employment benefits payable	<u>(2,001)</u>	<u>(7,132)</u>
	<u>(66,681)</u>	<u>(101,693)</u>
INVESTING ACTIVITIES		
Purchase of investments	(454,321)	(441,675)
Proceeds on sale of investments	<u>441,675</u>	<u>445,650</u>
	<u>(12,646)</u>	<u>3,975</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>-</u>	<u>(20,242)</u>
FINANCING ACTIVITIES		
Capital contributions received	<u>-</u>	<u>20,242</u>
DECREASE IN CASH	(79,327)	(97,718)
CASH, BEGINNING OF YEAR	<u>118,992</u>	<u>216,710</u>
CASH, END OF YEAR	\$ <u>39,665</u>	\$ <u>118,992</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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 160 Eglinton Avenue East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Central Eglinton Community Centre (the "Centre"). The Centre is a not-for-profit organization and, as such, is exempt from income tax.

The Municipal Code provides for a Council appointed Board 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-profit organizations ("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 Centre follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized and are recorded as deferred contributions on the statement of financial position. Externally restricted contributions for depreciable tangible capital assets are deferred and amortized over the life of the related tangible capital assets. Externally restricted contributions for tangible capital assets that have not been expended are recorded as part of deferred capital contribution on the statement of financial position.

Program fees, membership fees and rental income are recognized as the services are provided. Amounts received in advance of services being provided are classified as deferred revenue on the statement of financial position.

Financial instruments

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

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

Financial assets measured at amortized cost include cash, investments, accounts receivable and due from City of Toronto. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to City of Toronto.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

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.

Tangible capital assets

Tangible capital assets are recorded at cost and contributed tangible 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:

Furniture and equipment	5 years straight line
Leasehold improvements	10 years straight line
Computer software	10 years straight line

Employee related costs

The Centre has adopted the following policies with respect to employee benefit plans:

- (a) The City of Toronto offers a multi-employer defined benefit pension plan to the Centre's employees. Due to the nature of the Plan, the Centre does not have sufficient information to account for the Plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.
- (b) The Centre also offers its employees a defined benefit sick leave plan, a post-retirement life, health and dental plan, a long-term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Centre recognizes an accrued benefit liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains / losses.

Use of estimates

The preparation of financial statements in accordance with PSAS-GNFPO 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 tangible 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 CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

3. INVESTMENTS

The investments consist of guaranteed investment certificates with maturity dates ranging from March 6, 2023 to November 9, 2023 and interest rates ranging from 1.1% to 5%. Investments include \$nil (2021 - \$5,275) specifically reserved for expenses related to the 50+ program.

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and equipment	\$ 79,140	\$ 51,211	\$ 79,140	\$ 36,836
Leasehold improvements	30,935	17,218	30,935	14,124
Computer software	<u>18,317</u>	<u>5,495</u>	<u>18,317</u>	<u>3,663</u>
	128,392	<u>\$ 73,924</u>	128,392	<u>\$ 54,623</u>
Less: accumulated amortization	<u>(73,924)</u>		<u>(54,623)</u>	
	<u>\$ 54,468</u>		<u>\$ 73,769</u>	

5. DEFERRED CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 30,675	\$ 6,425
Add: Funds received	905,505	822,203
Less: Amounts recognized as revenue	<u>(927,457)</u>	<u>(797,953)</u>
Balance, end of year	<u>\$ 8,723</u>	<u>\$ 30,675</u>

6. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 73,170	\$ 70,315
Add: Capital contributions received	-	20,242
Less: Amortization recognized as revenue	<u>(19,214)</u>	<u>(17,387)</u>
Balance, end of year	<u>\$ 53,956</u>	<u>\$ 73,170</u>

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

The Centre participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its employees. Under the sick leave plan for management staff with ten years of service as of July 1, 2008, unused sick leave accumulates and eligible retirees are entitled to a cash payment when they leave the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and could be taken in cash by the employee upon termination, retirement or death. 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.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

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

The Centre also provides health, dental, accidental death and disability, life insurance and long term disability benefits to eligible employees. Depending upon length of service and an individual's 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, 2022 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 4.7%, post-employment 4.1%, sick leave 4.2%

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

	<u>2022</u>	<u>2021</u>
Post-retirement benefits	\$ 111,785	\$ 136,541
Add: unamortized actuarial gain	<u>29,385</u>	<u>6,630</u>
Post-employment benefit liability	<u>\$ 141,170</u>	<u>\$ 143,171</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 143,171	\$ 150,303
Current service cost	3,078	1,582
Interest cost	3,660	2,070
Amortization of actuarial gain	(628)	(3,032)
Expected benefits paid	<u>(8,111)</u>	<u>(7,752)</u>
Balance, end of year	<u>\$ 141,170</u>	<u>\$ 143,171</u>

A long-term receivable from the City of \$141,170 in 2022 (2021 - \$143,171) 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 administrative staff that may be incurred by the Centre.

The Centre also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its employees. The 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 \$56,145 in 2022 (2021 - \$53,682).

The most recent actuarial valuation of the Plan as at December 31, 2022 indicates that the Plan is in a deficit position and the Plan's December 31, 2022 financial statements indicate a net deficit of \$6,100 million (a deficit of \$6,678 million plus adjustment of \$578 million 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 Centre's contributions accounted for an insignificant portion of the Plan's total employer contribution. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

BOARD OF MANAGEMENT FOR THE CENTRAL EGLINTON COMMUNITY CENTRE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2022

8. FUNDS PROVIDED BY THE CITY OF TORONTO - ADMINISTRATION

Funding for administration expenses is provided by the City according to Council approved budgets. Surplus amounts in administration are payable to the City. Deficits, excluding those accruals for long-term employee benefits, are funded by the Centre unless Council approval has been obtained for additional funding.

	2022 <u>Budget</u> (unaudited)	<u>2022</u>	<u>2021</u>
Administration expenses:			
Salaries and wages	\$ 506,959	\$ 488,972	\$ 477,147
Employee benefits	155,063	118,271	116,402
Materials and supplies	35,698	14,825	20,146
Purchase of services	<u>87,457</u>	<u>109,246</u>	<u>73,085</u>
	<u>\$ 785,177</u>	<u>\$ 731,314</u>	<u>\$ 686,780</u>
Centre's actual administration revenue:			
Administration budget		<u>\$ 785,177</u>	<u>\$ 754,967</u>
Centre's actual administration expenses:			
Administration expenses		\$ 747,704	\$ 702,112
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto		2,001	7,132
Amortization of tangible capital assets funded by deferred capital contribution		(16,390)	(15,332)
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto		(11,299)	14,277
Administration capital asset acquisitions		<u>-</u>	<u>10,748</u>
		<u>722,016</u>	<u>718,937</u>
Administration expenses under approved budget		<u>\$ 63,161</u>	<u>\$ 36,030</u>

The Due from City of Toronto balance is comprised of \$29,081 (2021 - \$17,783) for administrative staff vacation.

The Due to City of Toronto balance is comprised of:

	<u>2022</u>	<u>2021</u>
2020 surplus payable	\$ -	\$ 74,053
2021 surplus payable	36,030	36,030
2022 surplus payable	<u>63,161</u>	<u>-</u>
	<u>\$ 99,191</u>	<u>\$ 110,083</u>

9. LEASE COMMITMENTS

The Centre has entered into agreements to lease office equipment which expire in 2022 and 2025. Minimum annual payments for the office equipment, in aggregate for each of the remaining years are as follows:

2023	\$ 5,072
2024	5,072
2025	2,265
2026	<u>776</u>
	<u>\$ 13,185</u>

10. **FINANCIAL INSTRUMENTS**

The Centre is exposed to and manages various financial risk 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 Centre's main financial risk exposures and its financial risk management policies are as follows:

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Centre cannot meet a demand for cash or funds its obligations as they become due. The Centre's financial liabilities are comprised of accounts payable and accrued liabilities. The Centre manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Centre believes its overall liquidity risk to be minimal as the Centre'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 Centre's financial instruments are all denominated in Canadian dollars and the Centre transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

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 Centre's cash and investments earn interest at prevailing market rates. As a result, management believes that the interest rate exposure related to these financial instruments is negligible.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with financial instruments 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. Management does not believe the Centre is exposed to significant other price risk.

Changes in risk

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