

Association of Community Centres Settlement of Operating Results for Year Ended 2021

Date: October 17, 2023
To: Executive Committee
From: Interim 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 assist 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. The audited financial statements are based on the Public Sector Accounting Board (PSAB) requirements for government not-for-profit entities while the operating deficits or surpluses align with the modified cash basis of accounting.

This report recommends settlement with the Association of Community Centres for 2021 based on their audited financial results as of December 31, 2021.

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 2021 settlement reports were delayed due to delays in completing the 2021 audits. City staff will present the 2022 Settlement Reports at the first opportunity to the City Council for consideration and approval.

RECOMMENDATIONS

The Interim Chief Financial Officer and Treasurer recommends that:

1. City Council direct the 2021 operating surpluses of six of the centres (Central Eglinton Community Centre, Eastview Neighbourhood Community Centre, Ralph Thornton Community Centre, Scadding Court Community Centre, Swansea Town Hall Community Centre and Waterfront Community Centre) totalling \$536,457 be paid to the City of Toronto and the City of Toronto provide four centres (Applegrove Community Centre, Cecil Street Community Centre, Community Centre 55 and 519 Church Street Community Centre) with supplementary subsidies to fund the operating deficits totalling

\$35,850, resulting in a net operating surplus of \$500,607 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 2021's financial results, six centres will return their surpluses totalling \$536,457 to the City and four centres will receive supplementary subsidies from the City to eliminate the deficits totalling \$35,850. The total financial impact resulting from these activities will result in a net receivable of \$500,607 from the AOCCs to the City.

DECISION HISTORY

The approval by City Council of the 2021 audited financial statements for all Association of Community Centres takes multiple phases subject to the completion of the annual audit process undertaken by external auditor. City Council received all ten of the 2021 Audited Financial Statements, Management Letters (where applicable), and Independent Auditor's Reports through the following City Council meetings:

<https://secure.toronto.ca/council/agenda-item.do?item=2022.AU13.10>

<https://secure.toronto.ca/council/agenda-item.do?item=2023.AU2.12>

At its meeting of December 9, 10 2015, City Council adopted the report, entitled "Association of Community Centres Settlement of Operating Results for Year 2014" and requested the CM to write to the Association of Community Centre Boards and reinforce with the Boards the request to seek Executive Director, Financial Planning (delegated by City Council in 2008) approval for over expenditures before incurring them and remind them of their responsibility to comply with the City's financial policies.

<https://www.toronto.ca/council/agenda-item.do?item=2015.EX10.9>

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.

<https://www.toronto.ca/legdocs/2003/agendas/council/cc030414/pof3rpt/cl011.pdf>

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.

<https://www.toronto.ca/legdocs/2001/agendas/council/cc010724/pof11rpt/cl006.pdf>

COMMENTS

Settlement of 2021 Operating Results

The 2021 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, 2021, indicates that six community centres reported surpluses amounting to \$536,457 while four community centres realized year-end deficits amounting to \$35,850, resulting in a net overall surplus of \$500,607. Details are summarized in Appendix A of this report.

The key year-end financial results are driven by:

Waterfront Community Centre - The surplus of \$216,918 is primarily due to underspending in salaries and benefits due to hiring delays and closures as a result of COVID-19.

Swansea Town Hall Community Centre - The surplus of \$203,746 is primarily due to underspending in salaries and benefits and other savings in materials and supplies due to closures and reduction in operations as a result of COVID-19.

Cecil Street Community Centre - The deficit of \$26,126 is primarily due to added salaries and benefits costs related to updating the CUPE2998 salaries and benefits rates.

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 2021: Central Eglinton Community Centre, Scadding Court Community Centre, Ralph Thornton Community Centre and Eastview Neighbourhood Community Centre.

In addition to Cecil Street Community Centre, AOCCs experiencing a deficit in 2021 included: Applegrove Community Complex, Community Centre 55 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 2021.

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.

CONTACT

Stephen Conforti, Interim Chief Financial Officer & Treasurer, Finance and Treasury Services, 416-397-4229, Stephen.Conforti@toronto.ca

Sandra Califaretti, Director, Accounting Services Division, 416-397-4438, Sandra.Califaretti@toronto.ca

SIGNATURE

Stephen Conforti
Interim Chief Financial Officer & Treasurer

ATTACHMENTS

Appendix A - Association of Community Centres Summary of Net Payable to City/Community Centres for 2021

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Association of Community Centres Summary of Net Payable to City / Community Centres for 2021			
Community Centre	Net Surplus	Net (Deficit)	Total Net Adjusted Settlement to City/(Centre)
Applegrove Community Complex		(3,380)	(3,380)
Cecil Street Community Centre		(26,126)	(26,126)
Central Eglinton Community Centre	36,030		36,030
Community Centre 55		(2,580)	(2,580)
Eastview Neighbourhood Community Centre	7,293		7,293
Ralph Thornton Community Centre	33,080		33,080
Scadding Court Community Centre	39,390		39,390
Swansea Town Hall Community Centre	203,746		203,746
Waterfront Community Centre	216,918		216,918
519 Church Street Community Centre		(3,764)	(3,764)
TOTAL	\$ 536,457	\$ (35,850)	\$ 500,607