



Financial statements

Board of Management for the
519 Church Street Community Centre

December 31, 2023

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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 Grant Thornton 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 519's financial statements.

Signed by:



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Chairperson

Zoe Catherine Robinson

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Treasurer

Independent auditor's report

To the City Council of the Corporation of the
City of Toronto and
The Board of Management for the 519 Church Street Community Centre

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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, 2023, 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, 2023 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, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2023, current assets as at December 31, 2023 and net assets as at January 1, 2023 and December 31, 2023. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects on this limitation of 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.

Other matter

The financial statements of The 519 were audited by another auditor for the year ended December 31, 2022, who expressed a qualified opinion on those statements on June 12, 2023. The qualification in that audit opinion related to the completeness of donation and fundraising revenue not being susceptible to satisfactory audit verification.

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a

whole. The supplementary information included in the Schedule A is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Toronto, Canada
September 16, 2024

Chartered Professional Accountants
Licensed Public Accountants

Board of Management for the 519 Church Street Community Centre Statement of Financial Position

December 31

2023

2022

Assets

Current

Cash and cash equivalents	\$ 3,779,685	\$ 3,114,501
Short-term investments (Note 4)	75,000	25,000
Due from City of Toronto (Note 10)	160,764	152,247
Accounts receivable	365,657	725,218
Inventories	5,374	16,944
Prepaid expenses	46,520	50,744
	<u>4,433,000</u>	<u>4,084,654</u>

Due from City of Toronto (Note 9) 406,228 389,986

Tangible capital assets (Note 5) 183,560 212,537

\$ 5,022,788 \$ 4,687,177

Liabilities

Current

Due to City of Toronto	\$ -	\$ 9,372
Accounts payable and accrued liabilities	829,065	612,454
Deferred contributions (Note 7)	1,618,349	1,631,895
	<u>2,447,414</u>	<u>2,253,721</u>

Deferred capital contributions (Note 8) 73,333 86,646

Post-employment benefits payable (Note 9) 406,228 389,986
2,926,975 2,730,353

Net assets

Invested in tangible capital assets, internally restricted (Note 11)	110,227	125,891
Program reserve, internally restricted (Note 12)	582,959	582,959
Capital reserve, internally restricted (Note 12)	104,567	104,567
Fund balances, externally restricted (Schedule B and Note 13)	110,011	107,911
Intermediary balances, externally restricted (Schedule C and Note 14)	17,556	14,517
Unrestricted	<u>1,170,493</u>	<u>1,020,979</u>
	<u>2,095,813</u>	<u>1,956,824</u>

\$ 5,022,788 \$ 4,687,177

Signed by: Approved by the Board:



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Chairperson

Treasurer

See accompanying notes to the financial statements.

Board of Management for The 519 Church Street Community Centre

Statement of Changes in Net Assets

December 31, 2023

		<u>Internally Restricted</u>		<u>Externally Restricted</u>				
	<u>Invested in Tangible Capital Assets</u>	<u>Program Revenue (Note 12)</u>	<u>Capital Reserve (Note 12)</u>	<u>Fund Balances (Note 13)</u>	<u>Intermediary Balances (Note 14)</u>	<u>Unrestricted</u>	<u>Total 2023</u>	<u>Total 2022</u>
Net assets, beginning of year	\$ 125,891	\$ 582,959	\$ 104,567	\$ 107,911	\$ 14,517	\$ 1,020,979	\$ 1,956,824	\$ 1,955,035
Excess of revenue over expenses	-	-	-	-	-	133,850	133,850	33,097
Excess (deficiency) of revenue over expenses – fund and intermediary balances	-	-	-	2,100	3,039	-	5,139	(31,308)
Amortization of tangible capital assets (net)	(15,664)	-	-	-	-	15,664	-	-
Net assets, end of year	<u>\$ 110,227</u>	<u>\$ 582,959</u>	<u>\$ 104,567</u>	<u>\$ 110,011</u>	<u>\$ 17,556</u>	<u>\$ 1,170,493</u>	<u>\$ 2,095,813</u>	<u>\$ 1,956,824</u>

See accompanying notes to the financial statements.

Board of Management for the 519 Church Street Community Centre Statement of Operations

December 31, 2023

	<u>Program</u>	<u>Administration</u>	<u>2023</u>	<u>2022</u>
Revenue				
Grants				
City of Toronto	\$ 1,337,798	\$ 2,138,190	\$ 3,475,988	\$ 3,439,055
United Way	463,910	-	463,910	414,856
Government of Canada	1,174,527	-	1,174,527	1,234,406
Others	774,007	-	774,007	389,795
Province of Ontario	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>126,250</u>
	3,830,242	2,138,190	5,968,432	5,604,362
Fundraising	2,004,918	-	2,004,918	1,429,118
Donations	1,883,475	-	1,883,475	1,335,120
Workshops, education and training	247,191	-	247,191	232,839
Interest	102,147	-	102,147	28,147
Rental fees	43,285	-	43,285	3,533
Cafe	22,111	-	22,111	59,442
Amortization and deferred capital contributions	9,052	4,261	13,313	13,313
Other revenue	<u>13,206</u>	<u>-</u>	<u>13,206</u>	<u>2,928</u>
	<u>8,155,627</u>	<u>2,142,451</u>	<u>10,298,078</u>	<u>8,708,802</u>
Expenses				
Salaries and wages	3,421,364	1,105,895	4,527,259	3,934,760
Employee benefits	872,226	331,651	1,203,877	990,201
Purchase of services	2,451,539	481,158	2,932,697	2,261,303
Materials, supplies and services	1,251,932	219,486	1,471,418	1,460,463
Amortization of tangible capital assets	<u>24,716</u>	<u>4,261</u>	<u>28,977</u>	<u>28,978</u>
	<u>8,021,777</u>	<u>2,142,451</u>	<u>10,164,228</u>	<u>8,675,705</u>
Excess of revenue over expenses	\$ <u>133,850</u>	\$ <u>-</u>	\$ <u>133,850</u>	\$ <u>33,097</u>

See accompanying notes to the financial statements.

Board of Management for the 519 Church Street Community Centre Statement of Cash Flows

Year ended December 31

2023

2022

Cash flow from (used in) operating activities

Operating activities

Excess of revenue over expenses	\$ 133,850	\$ 33,097
Deficiency of revenue over expenses - fund and intermediary balances	<u>5,139</u>	<u>(31,308)</u>
	138,989	1,789
Adjustments for non-cash items:		
Amortization of tangible capital assets	28,977	28,978
Amortization of deferred capital contributions	<u>(13,313)</u>	<u>(13,313)</u>
	154,653	17,454
Increase (decrease) resulting from changes in:		
Due from City of Toronto	(8,517)	(345)
Accounts receivable	359,561	(255,447)
Inventories	11,570	(10,273)
Prepaid expenses	4,224	(9,244)
Due to City of Toronto	(9,372)	5,527
Accounts payable and accrued liabilities	216,611	158,276
Deferred revenue	-	(50,000)
Deferred contributions	(13,546)	78,883
Post-employment benefits payable	<u>16,242</u>	<u>28,908</u>
	731,426	(36,261)

Capital activities

Acquisition of tangible capital assets – program	-	(32,905)
	-	(32,905)

Investing activities

Purchase of short-term investments	<u>(50,000)</u>	-
	(50,000)	-

Financing activities

Capital contributions received	-	17,539
Long-term receivable from City of Toronto	<u>(16,242)</u>	<u>(28,908)</u>
	(16,242)	(11,369)

Increase (decrease) in cash and cash equivalents 665,184 (80,535)

Cash and cash equivalents, beginning of year 3,114,501 3,195,036

Cash and cash equivalents, end of year \$ 3,779,685 \$ 3,114,501

See accompanying notes to the financial statements.

Board of Management for the 519 Church Street Community Centre

Notes to the financial statements

December 31, 2023

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. 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 included as revenue under the specified fund in the year received. Restricted contributions not expended for which there is not a specified fund are deferred and recognized as revenue in the unrestricted fund in the year in which the related expenses are recognized. 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.

Interest and other income is recognized when earned.

Board of Management for the 519 Church Street Community Centre Notes to the financial statements

December 31, 2023

2. Significant accounting policies (continued)

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.

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

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:

Building fixtures	5 years, straight line basis
Computers	3 years, straight line basis
Furniture and equipment	3 to 5 years, straight line basis
Capital improvements	20 years, straight line basis

The carrying amount of an item in tangible capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

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.

Board of Management for the 519 Church Street Community Centre

Notes to the financial statements

December 31, 2023

2. Significant accounting policies (continued)

- 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.

3. Change in accounting policies

Effective January 1, 2023, The 519 adopted new Public Sector Accounting Standards Sections PS3450 *Financial Instruments* and PS1201 *Financial Statement Presentation* along with related amendments. New Section PS3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, liabilities, or both on a fair value basis.

The measurement requirements were applied prospectively. There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a statement of remeasurement gains or losses.

Board of Management for the 519 Church Street Community Centre Notes to the financial statements

December 31, 2023

4. Investments

Investments consist of guaranteed investment certificates (GICs) with interest rates between 2.25% and prime – 2.70% (2022 – 2.25%) maturing between April 2024 to December 2024 (2022 - May 2023).

5. Tangible capital assets

Tangible assets consist of the following:

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Administrative				
Building fixtures	\$ 21,303	\$ 9,274	\$ 12,029	\$ 16,289
Program				
Computers	16,676	16,676	-	-
Furniture and equipment	80,718	60,523	20,195	34,452
Capital improvements	<u>209,189</u>	<u>57,853</u>	<u>151,336</u>	<u>161,796</u>
	<u>\$ 327,886</u>	<u>\$ 144,326</u>	<u>\$ 183,560</u>	<u>\$ 212,537</u>

6. Credit facilities

The 519 has an operating demand loan with an authorized limit of \$350,000, of which \$nil (2022 - \$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.

7. Deferred contributions

Deferred contributions consist of the following:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,631,895	\$ 1,553,012
Add: contributions received	771,836	603,769
Less: recognized as revenue	<u>(785,382)</u>	<u>(524,886)</u>
Balance, end of year	<u>\$ 1,618,349</u>	<u>\$ 1,631,895</u>

Board of Management for the 519 Church Street Community Centre Notes to the financial statements

December 31, 2023

8. Deferred capital contributions

Deferred capital contributions consist of the following:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 86,646	\$ 82,420
Add: capital contributions received	-	17,539
Less: amortization of deferred capital contributions	<u>(13,313)</u>	<u>(13,313)</u>
Balance, end of year	<u>\$ 73,333</u>	<u>\$ 86,646</u>

9. 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 4.2%, post-employment 3.9%, sick leave 4.0%

Board of Management for the 519 Church Street Community Centre Notes to the financial statements

December 31, 2023

9. Post-employment benefits payable and long term amount receivable (continued)

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

	<u>2023</u>	<u>2022</u>
Post-retirement benefits	\$ 288,589	\$ 230,672
Add: unamortized actuarial gain	<u>117,639</u>	<u>159,314</u>
Post employment benefit liability	<u>\$ 406,228</u>	<u>\$ 389,986</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 389,986	\$ 361,078
Current service cost	26,779	37,465
Interest cost	12,093	8,265
Amortized of actuarial gain	(22,345)	(16,580)
Benefits paid	<u>(285)</u>	<u>(242)</u>
Balance, end of year	<u>\$ 406,228</u>	<u>\$ 389,986</u>

A long-term receivable from the City of \$406,228 (2022 - \$389,986) 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 \$422,959 in 2023 (2022 - \$316,437).

The most recent actuarial valuation of the Plan as at December 31, 2023 indicated that the Plan is in a deficit position and the Plan's December 31, 2023 financial statements indicate a net deficit of \$7,571 million (a deficit of \$4,202 million plus adjustment of \$3,369 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 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.

Board of Management for the 519 Church Street Community Centre Notes to the financial statements

December 31, 2023

10. 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 2023	2023	2022
Administration expenses			
Salaries and wages	\$ 1,105,896	\$ 1,105,895	\$ 1,045,980
Employee benefits	315,409	331,651	296,659
Purchase of services	340,395	481,158	230,723
Materials, supplies and services	203,248	219,486	340,872
Amortization of tangible capital assets	-	4,261	4,261
	<u>\$ 1,964,948</u>	<u>\$ 2,142,451</u>	<u>\$ 1,918,495</u>
The 519's actual administration revenue:			
Administration budget		\$ 1,964,948	1,902,865
The 519's actual administration expenses:			
Administration expenses per statement of operations		\$ 2,142,451	\$ 1,918,495
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto		(16,242)	(28,908)
Amortization of tangible capital assets		(4,261)	(4,261)
Administration tangible capital asset acquisitions		-	17,539
Actual administration expenses		<u>\$ 2,121,948</u>	<u>1,902,865</u>
Administration expenses over initial approved budget		\$ (157,000)	\$ -

The over expenditure of \$157,000 (2022 - \$Nil) is recorded in due from City of Toronto.

The Due from City of Toronto balance is comprised of:

	2023	2022
2023 deficit receivable	\$ 157,000	\$ -
2021 deficit receivable	3,764	3,764
Miscellaneous trade payables	-	148,483
	<u>\$ 160,764</u>	<u>\$ 152,247</u>

Board of Management for the 519 Church Street Community Centre Notes to the financial statements

December 31, 2023

11. Invested in tangible capital assets

Investment in tangible capital assets is calculated as follows:

	<u>2023</u>	<u>2022</u>
Tangible capital assets	\$ 183,560	\$ 212,537
Amounts financed by deferred capital contributions	<u>(73,333)</u>	<u>(86,646)</u>
	<u>\$ 110,227</u>	<u>\$ 125,891</u>

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

	<u>2023</u>	<u>2022</u>
Excess of revenue over expenses		
Amortization of deferred capital contributions	\$ 13,313	\$ 13,313
Amortization of tangible capital assets	<u>(28,977)</u>	<u>(28,978)</u>
	<u>\$ 15,664</u>	<u>\$ 15,665</u>
Net investment in capital assets		
Tangible capital assets acquired	\$ -	<u>\$ 15,366</u>

12. 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, 2023, The 519 had \$582,959 (2022 - \$582,959) 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, 2023, The 519 had \$104,567 (2022 - \$104,567) set aside in the Capital Reserve.

Board of Management for the 519 Church Street Community Centre Notes to the financial statements

December 31, 2023

13. Fund balances, externally restricted

Fund balances can be summarized as follows:

	<u>2023</u>	<u>2022</u>
AIDS Vigil (a)	\$ (890)	\$ 4,196
AIDS Memorial (b)	59,360	57,876
Kyle Scanlon Memorial (c)	25,102	18,410
Will Munro (d)	18,396	18,111
Sunday Drop-in Community Fund (e)	8,043	8,043
Queer Toronto Literacy Magazine (f)	-	1,275
	<u>\$ 110,011</u>	<u>\$ 107,911</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 begun in 2019.

(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-in 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.

Board of Management for the 519 Church Street Community Centre Notes to the financial statements

December 31, 2023

13. Fund balances, externally restricted (continued)

(f) Queer Toronto Literacy Magazine

Queer Toronto Literacy Magazine (QT) is a non-profit dedicated to elevating and celebrating queer voices in Canada. QT was started in response to the shortage of Canadian queer literary magazines. There are many LGBTQ2SIA+ artists out there and maintaining community and connection is vital. QT brings together collective projects to create that sense of shared space. The 519 is the trustee for Queer Toronto Literacy Magazine.

14. Intermediary balances, externally restricted

Intermediary balances can be summarized as follows:

	<u>2023</u>	<u>2022</u>
ORAD (f)	\$ 6,445	\$ 6,445
HOLA (g)	-	1,270
Senior Pride Network (h)	9,425	13,493
Alliance for Equity of Blind Canadians (i)	1,783	1,783
Black Femme Legal (j)	<u>(97)</u>	<u>(8,474)</u>
	<u>\$ 17,556</u>	<u>\$ 14,517</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

December 31, 2023

14. Intermediary balances, externally restricted (continued)

(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 a Black femme led organization offering legal education, information and advice services in support of Black queer and trans women, femmes and gender expansive folk across the 2SLGBTQI+ community in Ontario. The 519 acted as an intermediary for Black Femme Legal's Law Foundation of Ontario grant funding in the 2023 fiscal year.

15. 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, due from City of Toronto 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 and amount due from City of Toronto is minimal. 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 liability. 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.

The following table sets out the expected maturities, representing undiscounted cash flows of its financial liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 829,065	\$ -	\$ -	\$ -	\$ 829,065

Board of Management for the 519 Church Street Community Centre Notes to the financial statements

December 31, 2023

15. Financial instruments (continued)

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.

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.

16. Children and Family Services funding

	<u>2023</u>	<u>2022</u>
Received in this fiscal year	\$ 308,064	\$ 187,816
Used in this fiscal year according to guidelines	(308,064)	(187,816)
Deferred to future years	<u>-</u>	<u>-</u>
Unused balance	\$ <u>-</u>	\$ <u>-</u>

**Board of Management for the
519 Church Street Community Centre
Notes to the financial statements**

December 31, 2023

17. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

**Board of Management for the
519 Church Street Community Centre
Schedule of Operations for Children and Family Services**

Year ended December 31, 2023 2022

Revenue

City of Toronto	\$ 308,064	\$ 187,816
Other revenue	<u>132,899</u>	<u>102,477</u>
	<u>440,963</u>	<u>290,293</u>

Expenses

Salaries and wages	284,150	291,590
Employee benefits	72,560	64,111
Purchase of services	93,216	37,759
Material, supplies and services	<u>63,497</u>	<u>17,293</u>
	<u>513,423</u>	<u>410,753</u>

Deficiency of revenue over expenses	\$ <u>(72,460)</u>	\$ <u>(120,460)</u>
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**Board of Management for the
519 Church Street Community Centre
Schedule of Operations and Changes in Fund Balances**

Year ended December 31, 2023

	AIDS Vigil		AIDS Memorial		Kyle Scanlon Memorial		Will Munro		Sunday Drop-In Community Fund		Queer Toronto Literacy Magazine		Total Fund Balances	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue														
Donation, grants and fundraising	\$ 4,550	\$ 6,200	\$ 3,535	\$ 4,840	\$ 8,192	\$ 310	\$ 5,585	\$ 3,804	\$ -	\$ -	\$ -	\$ 4,250	\$ 21,862	\$ 19,404
Expenses														
Professional services	7,287	13,524	1,750	1,409	1,500	-	-	-	-	-	1,275	2,975	11,812	17,908
Material, supplies and services	2,349	747	301	-	-	3,500	5,300	5,550	-	8,386	-	-	7,950	18,183
	9,636	14,271	2,051	1,409	1,500	3,500	5,300	5,550	-	8,386	1,275	2,975	19,762	36,091
Excess (deficiency) of revenue over expenses	(5,086)	(8,071)	1,484	3,431	6,692	(3,190)	285	(1,746)	-	(8,376)	(1,275)	1,275	2,100	(16,687)
Balance, beginning of year	4,196	12,267	57,876	54,445	18,410	21,600	18,111	19,857	8,043	16,429	1,275	-	107,911	124,598
Balance end of year	(\$890)	\$ 4,196	\$ 59,360	\$ 57,876	\$ 25,102	\$ 18,410	\$ 18,396	\$ 18,111	\$ 8,043	\$ 8,043	\$ -	\$ 1,275	\$ 110,011	\$ 107,911

**Board of Management for the
519 Church Street Community Centre
Schedule of Operations and Changes in Intermediary Balances**

Year ended December 31, 2023

	ORAD		HOLA		Senior Pride Network		Alliance for Equity of Blind Canadians		Black Femme Legal		Total Intermediary Fund Balances	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue												
Donation, grants and fundraising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 950	\$ -	\$ 1,695	\$ 73,288	\$ -	\$ 73,288	\$ 2,645
Expenses												
Professional services	-	-	1,270	-	-	-	-	-	55,946	15,556	57,216	15,556
Material, supplies and services	-	-	-	-	4,068	1,710	-	-	8,965	-	13,033	1,710
	-	-	1,270	-	4,068	1,710	-	-	64,911	15,556	70,249	17,266
Excess (deficiency) of revenue over expenses	-	-	(1,270)	-	(4,068)	(760)	-	1,695	8,377	(15,556)	3,039	(14,621)
Balance, beginning of year	6,445	6,445	1,270	1,270	13,493	14,253	1,783	88	(8,474)	7,082	14,517	29,138
Balance end of year	\$ 6,445	\$ 6,445	\$ -	\$ 1,270	\$ 9,425	\$ 13,493	\$ 1,783	\$ 1,783	(\$97)	(\$8,474)	\$ 17,556	\$ 14,517

Management and the Board of Management
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September 16, 2024

In connection with our audit of the financial statements of 519 Church Street Community Centre (The "519") as of December 31, 2023 and for the year then ended, we considered internal control over financial reporting ("internal control") as a basis for designing appropriate audit procedures. The purpose of our audit was to express an opinion on the financial statements, not to identify internal control matters. Therefore, we express no opinion on the effectiveness of internal control, and it would be inappropriate to conclude that no internal control matters, including significant control deficiencies, exist beyond those included in this communication.

A deficiency in internal control exists where the design, implementation, operation or absence of a control means that internal controls are unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis. The Canadian Auditing Standards require that, where we identify internal control deficiencies during an audit, we assess their importance and severity and communicate them to management and those charged with governance, as appropriate. Deficiencies that are of sufficient importance to merit the attention of those charged with governance are described as "significant deficiencies".

Significant control deficiencies

Accounts receivable and accounts payable reconciliations

During the audit, we identified that the invoices paid in the following fiscal year were recorded as paid in 2023 because the books for the December 31 year-end were not closed until April 2024 and journal entries posted were backdated into 2023. Also, there were invoices which were included in accounts receivable that were already paid before year-end and were adjusted as a result of our audit procedures and inquiry of management. As a result, balances were not accurate for the December 31, 2023 year-end. While the expense is accrued for in the correct period, it is imperative to record the payments and invoices in the period incurred with current posting dates and monthly reconciliations being performed to ensure accounts payable and accounts receivable are not under or over stated as at year-end.

Management Comments:

Management acknowledges the issues raised regarding the recording of accounts receivable and accounts payable. This was not the typical year end process; to address this management will ensure that the year end closure complies with accounting requirements and clearly embed this in operational policy which will enhance the accuracy and reliability of The 519's financial statements, ensuring compliance with audit standards.

Donations and fundraising reconciliation

A report of all bank deposits is sent by the Finance Coordinator to the Philanthropy department monthly for classification of the receipts, however, the document is not retained by either department. This monthly reconciliation should be retained for audit trail purposes with all transactions in the Raisers Edge report traced to the bank and general ledger. Any amounts identified as differences from the bank deposits should be investigated to reconcile with Raisers Edge reports and appropriate journal entries to be prepared for the transaction.

Management Comments:

Management acknowledges the issue raised. Operational policy will be amended and implemented to ensure that there is appropriate retention of required documentation to substantiate the monthly reconciliation report for audit trail purposes. Amounts requiring additional investigation and documentation will be retained as well, including details on journal entries to ensure the general ledger accurately reflects all receipts.

Lack of segregation duties

In common with other organizations with a small accounting team, we noted an issue surrounding segregation of duties. We noted that the Finance Director who is responsible for financial oversight has the access to prepare and post journal entries and there is no formal documentation of approval in place. This presents a segregation of duties issue as those with oversight should be removed from the recording of transactions. We recommend that entries posted by the Finance Director are formally reviewed by an independent reviewer and is signed off either physically or through email for evidence of approval. The ideal segregation of duties occurs when different employees initiate, authorize, record, verify, and report transactions, and have custody of assets. Adequate segregation of duties is required in order to ensure that The 519's assets are properly safeguarded.

Management comments:

Management acknowledges the findings and as stated above is common in small finance teams. The Director, Finance does not post entries; in the event this is necessary the Executive Director will review and authorize to ensure segregation. Additionally, in 2024 the authorization levels in the accounting system will be reviewed in detail for enhanced segregation to ensure The 519's assets are properly safeguarded.

Conclusion

The matters reported in this communication are limited to those deficiencies we identified during the audit that we considered to be of sufficient importance to communicate to management and, in the case of significant deficiencies, those charged with governance. Had we performed more extensive procedures on internal control, including procedures subsequent to September 16, 2024, we might have identified more deficiencies or reached different conclusions about the deficiencies included in this communication.

This communication is intended solely for the information and use of management, those charged with governance, and others within The 519 and is not intended to be and should not be used by anyone other than these specified parties.

Yours sincerely,

Grant Thornton LLP

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

David Fioretti, CPA, CA

Principal