

Association of Community Centres Settlement of Operating Results for Year Ended 2022

Date: June 24, 2024
To: Executive Committee
From: Chief Financial Officer and Treasurer
Wards: All

SUMMARY

On an annual basis, the City of Toronto receives the audited financial statements from 10 community centres which collectively are known as the City's Association of Community Centres (AOCCs). The audited financial statements assist the City to determine whether operating grant 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 2022 based on their audited financial results as of December 31, 2022.

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 2022 settlement reports were delayed due to delays in completing the 2022 audits for the Arena Boards. City staff will present the 2023 Settlement Reports at the first opportunity to the City Council for consideration and approval.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council direct the 2022 operating surpluses of five of the centres (Community Centre 55, Central Eglinton Community Centre, Scadding Court Community Centre, Swansea Town Hall Community Centre and Waterfront Community Centre) totalling \$228,451 be paid to the City of Toronto and the City of Toronto provide four centres (Applegrove Community Centre, Cecil Street Community Centre, Eastview Neighbourhood Community Centre, and Ralph Thornton Community Centre) with

supplementary grants to fund the operating deficits totalling \$123,464, resulting in a net operating surplus of \$104,987 to be received by the City.

FINANCIAL IMPACT

The Association of Community Centres (AOCCs) is comprised of 10 community centres. Based on fiscal 2022's financial results, five centres will return their surpluses totalling \$228,451 to the City and four centres will receive supplementary subsidies from the City to eliminate the deficits totalling \$123,464. One centre (519 Church Street Community Centre) had a net zero 2022 operating outcome. The total financial impact resulting from these activities will be a net receivable of \$104,987 from the AOCCs to the City.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as presented in the financial impact section.

DECISION HISTORY

The approval by City Council of the 2022 audited financial statements for all Association of Community Centres takes multiple phases subject to the completion of the annual audit process undertaken by the external auditor. City Council received all ten of the 2022 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=2023.AU2.12>
<https://secure.toronto.ca/council/agenda-item.do?item=2023.AU3.10>

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 City Manager 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 2022 Operating Results

The 2022 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 funding core administrative costs, which includes these employee benefits. 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, 2022, indicates that five community centres reported surpluses amounting to \$228,451 while four community centres realized year-end deficits amounting to \$123,464, and one centre reported net zero, resulting in a net overall surplus of \$104,987. Details are summarized in Appendix A of this report.

The key year-end financial results are driven by:

Swansea Town Hall Community Centre - The surplus of \$133,944 is primarily due to underspending in salaries and benefits from hiring delays and underspending in other operational costs due to AODA renovations resulting in operations running below full capacity.

Central Eglinton Community Centre - The surplus of \$63,161 is primarily due to underspending in salaries and benefits from the volunteer coordinator position vacancy for over six months, in addition to lower than anticipated maintenance and repairs, and building and equipment expenses.

Cecil Street Community Centre - The deficit of \$64,030 is primarily due to added salaries and benefits costs related to increased hours for custodians to accommodate health and safety for the After School Program, unbudgeted maintenance and repair costs related to roof and plumbing repairs, and materials and supplies costs related to printer cartridges, ergonomic chairs, and safe replacement.

Ralph Thornton Community Centre - The deficit of \$27,550 is primarily due to added salaries and benefits costs related to unbudgeted management COLA and performance pay, and relief coverage for unionized staff due to higher illness absences.

The remainder of the reported surpluses/deficits were minor variances resulting from day-to-day operations and considered insignificant for further disclosure.

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

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SIGNATURE

Stephen Conforti
Chief Financial Officer & Treasurer

ATTACHMENTS

Appendix A - Association of Community Centres Summary of Net Payable to City/Community Centres for 2022

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Association of Community Centres Summary of Net Payable to City / Community Centres for 2022			
Community Centre	Net Surplus	Net (Deficit)	Total Net Adjusted Settlement to City/(Centre)
Applegrove Community Complex		(17,942)	(17,942)
Cecil Street Community Centre		(64,030)	(64,030)
Central Eglinton Community Centre	63,161		63,161
Community Centre 55	18,900		18,900
Eastview Neighbourhood Community Centre		(13,942)	(13,942)
Ralph Thornton Community Centre		(27,550)	(27,550)
Scadding Court Community Centre	12,347		12,347
Swansea Town Hall Community Centre	133,944		133,944
Waterfront Community Centre	99		99
519 Church Street Community Centre	-	-	-
TOTAL	\$ 228,451	\$ (123,464)	\$ 104,987