

Association of Community Centres Settlement of Operating Results for Year Ended 2023

Date: June 13, 2025

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 2023 based on their audited financial results as of December 31, 2023.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council direct the 2023 operating surpluses of two of the centres (Central Eglinton Community Centre, and Swansea Town Hall Community Centre) totalling \$137,646 be paid to the City of Toronto and be used to partially fund the payment of operating deficits of \$539,724 for seven centres (Applegrove Community Centre, Cecil Street Community Centre, Community Centre 55, Eastview Neighbourhood Community Centre, Ralph Thornton Community Centre, Scadding Court Community Centre and 519 Church Street Community Centre), resulting in a net operating deficits of \$402,078 to be paid to the AOCCs 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 with a combined 2023 Net Budget of \$9.7 million. Based on fiscal 2023's financial results, two centres will return their surpluses totalling \$137,646 to the City and seven centres will receive supplementary subsidies from the City to eliminate the deficits totalling \$539,724. One centre (Waterfront Community Centre) had a net zero 2023 operating outcome. The total financial impact resulting from these activities will be a net payable of \$402,078 to the AOCCs by the City, reflecting a combined net variance of approximately 4.1%.

A net operating deficit of \$290,081 was reported in the Operating Variance Report for the Year-Ended December 31, 2023, based on un-audited information. The final audited actual net operating deficit payable to the AOCCs is \$402,078. The shortfall of \$111,997 is outstanding and will be addressed through the Operating Variance Report for the Year-Ended December 31, 2024.

DECISION HISTORY

The approval by City Council of the 2023 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 2023 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=2024.AU5.9>

<https://secure.toronto.ca/council/agenda-item.do?item=2024.AU6.6>

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/legdocs/mmis/2015/ex/bgrd/backgroundfile-85658.pdf>

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 2023 Operating Results

The 2023 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 require 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 include 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, 2023, indicates that two community centres reported surpluses amounting to \$137,646 while seven community centres realized year-end deficits amounting to \$539,724, and one centre reported net zero, resulting in a net overall deficit of \$402,078. Details are summarized in Appendix A of this report.

The key year-end financial results are driven by:

519 Church Street Community Centre - The deficit of \$0.157 million on a \$1.865 million net budget is due to retaining security personnel to address the community safety concerns, violence, vandalism and to protect the facility after hours.

Ralph Thornton Community Centre - The deficit of \$0.096 million on a \$0.807 million net budget is primarily due to added salaries and benefits costs related to unbudgeted COLA and step increases, maintenance costs related to coordination and other work associated with on-going City project for AODA upgrades and additional IT consultant work to meet the City's cybersecurity requirements.

Community Centre 55 - The deficit of \$0.078 million on a \$0.773 million net budget is primarily due to added salaries and benefits costs related to settlement costs associated with the termination of an employee.

Cecil Street Community Centre - The deficit of \$0.075 million on a \$0.940 million net budget is primarily due to added salaries and benefits costs related to hiring of a new director and position changes, unbudgeted maintenance and repair costs related to plumbing and heating repairs, and audit fee increases due to new audit contract.

Scadding Court Community Centre - The deficit of \$0.075 million on a \$1.075 million net budget is primarily due to salaries and benefits costs related to unexpected departure of an employee, unbudgeted audit fee increases due to new audit contract, and security costs due to higher security and safety incidence in the area.

Eastview Neighbourhood Community Centre - The deficit of \$0.039 million on a \$0.669 million net budget is primarily due to added salaries and benefits costs related to unbudgeted performance pay and wage increases, and audit fee increases due to new audit contract.

Swansea Town Hall Community Centre - The surplus of \$0.137 million on a \$0.546 million net budget is primarily due to higher-than-expected revenues from room rentals and underspending in other operational costs due to AODA renovations.

Applegrove Community Complex's deficit and **Central Eglinton Community Centre's** surplus were minor variances resulting from day-to-day operations and considered insignificant for further disclosure.

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 2023

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Association of Community Centres Summary of Net Payable to City / Community Centres for 2023			
Community Centre	Net Surplus	Net (Deficit)	Total Net Adjusted Settlement to City/(Centre)
Applegrove Community Complex		(19,150)	(19,150)
Cecil Street Community Centre		(75,299)	(75,299)
Central Eglinton Community Centre	217		217
Community Centre 55		(77,986)	(77,986)
Eastview Neighbourhood Community Centre		(38,938)	(38,938)
Ralph Thornton Community Centre		(96,279)	(96,279)
Scadding Court Community Centre		(75,072)	(75,072)
Swansea Town Hall Community Centre	137,429		137,429
Waterfront Community Centre	-	-	-
519 Church Street Community Centre		(157,000)	(157,000)
TOTAL	\$ 137,646	\$ (539,724)	\$ (402,078)