

Management and the Board of Management
Central Eglinton Community Centre
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Doane Grant Thornton LLP

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March 6, 2026

In connection with our audit of the financial statements of Central Eglinton Community Centre (the "Centre") as of December 31, 2025 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

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 finance manager is able to prepare and post entries to record receipts of grants, prepare monthly reconciliations and prepare deposits. Further, journal entries posted by the finance manager are not reviewed for approval. Segregation of duties is a key control designed to prevent employees from both being able to commit and conceal errors or irregularities in the normal course of their duties. 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 Centre's assets are properly safeguarded.

Management comments

Management has a mitigating control in place whereby members of the Board of Management (the "Board") and Executive Director perform regular review of the financial package i.e., internal financial statements compared to budget and prior year.

Further, going forward management will undertake a monthly or quarterly review of the manually created journal entries, accounts receivable and accounts payable aging reports and bank reconciliations. This review will be undertaken by a qualified external accountant assigned by the Board. The financial statements including journal entries will be reviewed on a Quarterly basis by the Board Treasurer or the qualified external accountant assigned by the Board, prior to those statements being approved by the full Centre's Board. During 2025, such an external accountant was hired to perform this review. The accountant was

granted read-only access to the accounting system and uses it to review the journal entries and report to the Executive Director.

Other deficiencies

Formal risk assessment process

We noted that there is no formal risk assessment process in place. It is best practice to have a formal risk assessment process whereby the Board reviews all risks that impact the Centre as a whole.

Management comments

Management will seek further advice and training so that the business and financial risks can be identified and reported to the Board on a regular basis.

Formal process to monitor internal controls

We noted that there is no formal process to monitor internal controls in place. It is best practice to have a formal process whereby the Board of Management monitors key internal controls to ensure they are functioning properly.

Management comments

Management has a mitigating control in place whereby members of the Board and Executive Director perform regular review of the financial package i.e., internal financial statements compared to budget and prior year. This review would assist in identifying a breakdown in internal controls and allow the Board to investigate and remedy the breakdown. Going forward, management will have the external qualified accountant monitor key internal controls on a sample basis to ensure they are operating effectively.

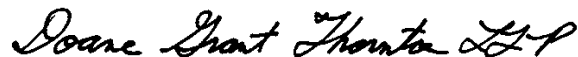
Conclusion

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 March 26, 2025, 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 Centre and is not intended to be and should not be used by anyone other than these specified parties.

Yours sincerely,

Doane Grant Thornton LLP

A handwritten signature in black ink that reads "Doane Grant Thornton LLP".

David Fioretti, CPA, CA
Principal



Financial statements

Central Eglinton Community Centre

December 31, 2025

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Date: March 26, 2026

Management's Responsibility for the Financial Statements

The financial statements of the Board of Management (the "Board") for the Central Eglinton Community Centre (the "Centre") are the responsibility of the 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 judgement, 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 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 Doane 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 Centre's financial statements.

DocuSigned by:

Harriet Velazquez

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Name

Chairperson

Signed by:

James Sutcliffe

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Name

Treasurer



Independent Auditor's Report

To the Council of the Corporation of the City of Toronto and
the Board of Management of
Central Eglinton Community Centre

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Qualified Opinion

We have audited the financial statements of Central Eglinton Community Centre (the "Centre"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets and cash flow 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 Central Eglinton Community Centre as at December 31, 2025, and its results of operations, changes in net assets, and 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 activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended December 31, 2025 and December 31, 2024, current assets as at December 31, 2025 and December 31, 2024, and net assets as January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 31, 2024 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

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

Management is responsible for the preparation and fair presentation of these 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 a 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.

Doane Grant Thornton LLP

Toronto, Canada
March 26, 2026

Chartered Professional Accountants
Licensed Public Accountants

Central Eglinton Community Centre

Statement of Financial Position

December 31

2025

2024

Assets

Current

Cash	\$ 173,560	\$ 62,729
Investments (Note 3)	379,493	508,745
Due from City of Toronto - vacation	45,608	45,590
Due from City of Toronto – deficit (Note 8)	15,055	-
Accounts receivable	79,925	28,062
	<u>693,641</u>	<u>645,126</u>

Tangible capital assets (Note 4)	110,139	94,478
Due from City of Toronto (Note 7)	<u>127,250</u>	<u>132,986</u>

\$ 931,030 **\$ 872,590**

Liabilities

Current

Due to City of Toronto – surplus (Note 8)	\$ -	\$ 63,399
Accounts payable and accrued liabilities	151,660	124,880
Deferred contributions (Note 5)	<u>172,372</u>	<u>88,801</u>
	<u>324,032</u>	<u>277,080</u>

Deferred capital contributions (Note 6)	110,139	94,478
Post-employment benefits liability (Note 7)	<u>127,250</u>	<u>132,986</u>

561,421 **504,544**

Net Assets

Unrestricted	<u>369,609</u>	<u>368,046</u>
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\$ 931,030 **\$ 872,590**

Commitments (Note 9)

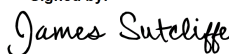
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Director

Signed by:



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Director

See accompanying notes to the financial statements.

Central Eglinton Community Centre
Statement of Changes in Net Assets

Year ended December 31

	<u>2025</u>	<u>2024</u>
Net assets, beginning of year	\$ 368,046	\$ 371,680
Excess (deficiency) of revenue over expenses	<u>1,563</u>	<u>(3,634)</u>
Net assets, end of year	<u>\$ 369,609</u>	<u>\$ 368,046</u>

See accompanying notes to the financial statements.

Central Eglinton Community Centre

Statement of Operations

Year ended December 31

	EarlyON Program	After- School Program	Summer Camp Program	March Break Camp	Newcomer Support & Services	Older Adult Program	Other Programs	Program Total	Administration	Total 2025	Total 2024
Revenue											
Grants											
City of Toronto	\$ 187,660	\$ 2,154	\$ 7,940	\$ -	\$ -	\$ 38,313	\$ -	\$ 236,067	\$ 1,065,266	\$1,301,333	\$1,016,324
Province of Ontario	-	-	-	-	239,445	56,345	-	295,790	16,494	312,284	51,137
Government of Canada	-	-	16,675	-	-	16,250	4,490	37,415	-	37,415	65,564
	<u>187,660</u>	<u>2,154</u>	<u>24,615</u>	<u>-</u>	<u>239,445</u>	<u>110,908</u>	<u>4,490</u>	<u>569,272</u>	<u>1,081,760</u>	<u>1,651,032</u>	<u>1,133,025</u>
Program fees	-	41,191	79,581	5,173	-	-	330	126,275	-	126,275	97,286
Fundraising	-	-	3,200	-	-	4,725	2,958	10,883	-	10,883	11,243
Other revenue	-	-	-	-	-	-	21,205	21,205	-	21,205	25,255
Rental fees	-	-	-	-	-	-	3,913	3,913	-	3,913	2,200
Amortization of deferred capital contributions (Note 6)	<u>502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,408</u>	<u>-</u>	<u>2,910</u>	<u>24,387</u>	<u>27,297</u>	<u>25,651</u>
	<u>188,162</u>	<u>43,345</u>	<u>107,396</u>	<u>5,173</u>	<u>239,445</u>	<u>118,041</u>	<u>32,896</u>	<u>734,458</u>	<u>1,106,147</u>	<u>1,840,605</u>	<u>1,294,660</u>
Expenses											
Salaries and wages	118,990	71,131	86,933	1,589	86,837	80,347	-	445,827	673,027	1,118,854	791,227
Employee benefits	43,246	12,477	9,688	108	16,594	18,771	-	100,884	170,576	271,460	175,889
Materials and supplies	23,619	3,937	14,981	1,097	18,115	44,379	2,573	108,701	27,488	136,189	111,306
Purchase of services	1,859	2,004	10,006	60	46,593	8,756	5,295	74,573	210,669	285,242	194,221
Amortization of tangible capital assets	<u>502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,408</u>	<u>-</u>	<u>2,910</u>	<u>24,387</u>	<u>27,297</u>	<u>25,651</u>
	<u>188,216</u>	<u>89,549</u>	<u>121,608</u>	<u>2,854</u>	<u>168,139</u>	<u>154,661</u>	<u>7,868</u>	<u>732,895</u>	<u>1,106,147</u>	<u>1,839,042</u>	<u>1,298,294</u>
Excess (deficiency) of revenue over expenses	<u>\$ (54)</u>	<u>\$ (46,204)</u>	<u>\$ (14,212)</u>	<u>\$ 2,319</u>	<u>\$ 71,306</u>	<u>\$ (36,620)</u>	<u>\$ 25,028</u>	<u>\$ 1,563</u>	<u>-</u>	<u>\$ 1,563</u>	<u>\$ (3,634)</u>

See accompanying notes to the financial statements.

Central Eglington Community Centre

Statement of Cash Flows

Year ended December 31

2025

2024

Cash flows from (used in) operating activities

Excess (deficiency) of revenue over expenses	\$ 1,563	\$ (3,634)
Adjustments for non-cash items:		
Post-employment benefits	(5,736)	(4,272)
Amortization of tangible capital assets	27,297	25,651
Amortization of deferred capital contributions	(27,297)	(25,651)
	<u>(4,173)</u>	<u>(7,906)</u>
Net change in non-cash working capital items		
Due to (from) City of Toronto – excess (deficit)	(78,453)	20
Accounts receivable	(51,863)	(803)
Due from City of Toronto - vacation	(19)	(3,671)
Accounts payable and accrued liabilities	26,780	18,685
Deferred contributions	83,571	67,658
	<u>(24,157)</u>	<u>73,983</u>

Investing Activities

Purchase of investments	(387,325)	(522,924)
Proceeds on sale on investments	516,577	446,777
	<u>129,252</u>	<u>(76,147)</u>

Capital Activities

Purchase of tangible capital assets	<u>(42,959)</u>	<u>(83,208)</u>
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Financing Activities

Capital contributions received	42,959	83,208
Long-term amount due from City of Toronto	5,736	4,272
	<u>48,695</u>	<u>87,480</u>

Increase in cash	110,831	2,108
Cash, beginning of year	<u>62,729</u>	<u>60,621</u>
Cash, end of year	<u>\$ 173,560</u>	<u>\$ 62,729</u>

See accompanying notes to the financial statements.

Central Eglinton Community Centre

Notes to the financial statements

December 31, 2025

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 the deferred capital contribution on the statement of financial position.

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

Central Eglinton Community Centre
Notes to the financial statements

December 31, 2025

2. Significant accounting policies (continued)

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 due to City of Toronto.

Contributed material and services

Due to the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Tangible capital assets

Tangible capital assets are recorded at cost and contributed tangible assets are recorded at fair value at the date of contribution. Amortization is provided on straight-line basis over their estimated useful lives, as follows:

Furniture and equipment	5 years straight-line
Leasehold improvements	Straight-line over lease term
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 gains / losses.

Central Eglinton Community Centre

Notes to the financial statements

December 31, 2025

2. Significant accounting policies (continued)

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.

3. Investments

Investments consist of guaranteed investment certificates with maturity dates ranging from March 11, 2026 to December 10, 2026 (2024 - March 11, 2025 to December 10, 2025) and interest rates ranging from 2.15% to 5.00% (2024 - 3.15% to 5.00%).

4. Tangible capital assets

Tangible capital assets consist of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2025 Net Book Value</u>	<u>2024 Net Book Value</u>
Furniture and equipment	\$ 79,140	\$ 78,159	\$ 981	\$ 6,291
Leasehold improvements	157,102	55,271	101,831	79,028
Computer software	18,317	10,990	7,327	9,159
	<u>\$ 254,559</u>	<u>\$ 144,420</u>	<u>\$ 110,139</u>	<u>\$ 94,478</u>

5. Deferred contributions

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 88,801	\$ 21,143
Add: contributions received	664,252	314,863
Less: transfer to deferred capital contributions	(42,958)	-
Less: recognized as revenue	<u>(537,723)</u>	<u>(247,205)</u>
Balance, end of year	<u>\$ 172,372</u>	<u>\$ 88,801</u>

Central Eglinton Community Centre

Notes to the financial statements

December 31, 2025

6. Deferred capital contributions

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 94,478	\$ 36,921
Add: contributions received	-	83,208
Add: transfer from deferred contributions	42,958	-
Less: amortization recognized as revenue	<u>(27,297)</u>	<u>(25,651)</u>
Balance, end of year	<u>\$ 110,139</u>	<u>\$ 94,478</u>

7. Post-employment benefits liability 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 of unused sick leave.

The Centre also provided 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, 2024 with projections to December 31, 2027. 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 4.4%, post-employment 4.0%, sick leave 4.1%

Central Eglinton Community Centre

Notes to the financial statements

December 31, 2025

7. Post-employment benefits liability and long-term accounts receivable (continued)

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

	<u>2025</u>	<u>2024</u>
Post-retirement benefits actuarial liability	\$ 87,573	\$ 89,244
Add: unamortized actuarial gain	<u>39,677</u>	<u>43,742</u>
Post-retirement benefit liability	<u>\$ 127,250</u>	<u>\$ 132,986</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 132,986	\$ 137,258
Current service cost	1,925	2,933
Interest cost	3,795	4,745
Amortization of actuarial gain	(5,649)	(1,903)
Benefits paid	<u>(5,807)</u>	<u>(10,047)</u>
Balance, end of year	<u>\$ 127,250</u>	<u>\$ 132,986</u>

A long-term receivable from the City of \$127,250 in 2025 (2024 - \$132,986) 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 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 \$97,096 in 2025 (2024 - \$66,635).

The most recent actuarial valuation of the Plan as at December 31, 2025 indicated that the Plan is in a deficit position and the Plan's December 31, 2025 financial statements indicate a net deficit of \$6,127 million (a deficit of \$1,322 million plus adjustment of \$4,805 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.

Central Eglinton Community Centre

Notes to the financial statements

December 31, 2025

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 the administration fund 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.

	2025 Budget (unaudited)	2025	2024
Administration expenses:			
Salaries and wages	\$ 653,874	\$ 673,027	\$ 526,298
Employee benefits	189,655	170,576	126,170
Purchase of services	174,218	210,669	165,202
Materials and supplies	35,925	27,488	55,445
Amortization of tangible capital assets	-	24,387	22,741
	<u>\$ 1,053,672</u>	<u>\$ 1,106,147</u>	<u>\$ 895,856</u>
Centre's actual administration revenue:			
Administration budget		\$ 1,053,672	\$ 956,944
Adjustments for:			
Deferred capital contributions		-	(83,208)
		<u>\$ 1,053,672</u>	<u>\$ 873,736</u>
Centre's actual administration expenses:			
Administration expenses		\$ 1,106,147	\$ 895,856
Adjustments for:			
One-time section 37 funding		(8,035)	-
Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto		5,736	4,272
Amortization of tangible capital assets funded by deferred capital contribution		(24,387)	(22,741)
Administrative expenses for Ontario Bridge Training Program not included in Centre's administration expense		(16,494)	-
Union COLA, not funded by the City until paid, that are included in due from City of Toronto		(2,235)	-
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto		(19)	(3,672)
		<u>\$ 1,060,713</u>	<u>\$ 873,715</u>
Administration expenses under approved budget		<u>\$ (7,041)</u>	<u>\$ 21</u>

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Notes to the financial statements

December 31, 2025

8. Funds Provided by the City of Toronto – Administration (continued)

The Due from (to) the City of Toronto balance is comprised of:

	<u>2025</u>	<u>2024</u>
2022 surplus payable	\$ -	\$ (63,161)
2023 surplus payable	-	(217)
2024 surplus payable	(21)	(21)
2025 Section 37 funding receivable	8,035	-
2025 deficit recoverable	<u>7,041</u>	<u>-</u>
	<u>\$ 15,055</u>	<u>\$ (63,399)</u>

9. Lease commitments

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

2026	\$ 4,644
2027	3,868
2028	<u>967</u>
	<u>\$ 9,479</u>

10. Financial instruments

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 following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Centre's financial instruments.

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 with a Canadian chartered bank and as a result management believes the risk of loss to be remote. The Centre provides credit to its customers in the normal course of operations. Management believes that the Centre's credit risk with respect to accounts receivable is limited. The Centre manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Central Eglinton Community Centre
Notes to the financial statements

December 31, 2025

10. Financial instruments (continued)

Liquidity risk

Liquidity risk refers to the adverse consequence that the Centre will encounter difficulty in meeting obligations associated with financial liabilities, which is accounts payable and accrued liabilities. The Centre manages liquidity risk by monitoring its cash flow requirements on a regular basis. Management believes its overall liquidity risk to be minimal as the Centre'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.

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable and accrued liabilities	\$ 151,660	\$ -	\$ -	\$ -	\$ 151,660

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.

It is management's opinion that unless otherwise noted, the Centre is not exposed to significant market risk arising from its financial instruments.

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 because of changes in market interest rates. The Centre's cash and investments earn interest at prevailing market rates and management believes 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 believes that the Centre is not 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.

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Notes to the financial statements

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11. Comparative figures

Certain reclassifications have been made to the prior year's comparative figures to enhance comparability with the current fiscal year's financial statements.