



Financial Statements

**Board of Management for the
Swansea Town Hall Community Centre**

December 31, 2011

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Independent Auditor's Report

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To the Council of the Corporation of the
City of Toronto, the Board of Management for the Swansea Town Hall Community Centre

We have audited the accompanying financial statements of the **Board of Management for the Swansea Town Hall Community Centre** which comprise the statement of financial position as at December 31, 2011, and the statement of operations and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe, that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many not-for-profit organizations, the Centre derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Centre and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the **Board of Management for the Swansea Town Hall Community Centre** as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
May 8, 2012

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Swansea Town Hall Community Centre
Statement of Financial Position**

December 31 2011 2010

Assets

Current

Cash and short term investments	\$	56,404	\$	31,012
Receivables		2,562		6,280
Prepays		-		1,283
Inventory		<u>276</u>		<u>327</u>
		59,242		38,902

Long term

Receivable - City of Toronto (Note 3)		<u>92,849</u>		<u>83,367</u>
	\$	<u>152,091</u>	\$	<u>122,269</u>

Liabilities

Current

Payables and accruals				
City of Toronto	\$	847	\$	1,702
Others		41,886		30,323
Deferred revenue		<u>-</u>		<u>200</u>
		42,733		32,225

Long term

Employee benefits payable (Note 3)		<u>92,849</u>		<u>83,367</u>
		<u>135,582</u>		<u>115,592</u>

Program Development Reserve (Note 6)

		<u>16,509</u>		<u>6,677</u>
	\$	<u>152,091</u>	\$	<u>122,269</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Swansea Town Hall Community Centre
Statement of Operations**

Year Ended December 31	2011	2010
Program revenue		
Donations and fundraising	\$ 2,768	\$ 3,937
Event fees	2,069	5,077
Other	<u>7,947</u>	<u>7,889</u>
	<u>12,784</u>	<u>16,903</u>
Program expenditures		
Materials and supplies	68	93
Purchase of service	-	807
Other	<u>2,884</u>	<u>2,875</u>
	<u>2,952</u>	<u>3,775</u>
Excess of program revenue over expenditures	<u>9,832</u>	<u>13,128</u>
Administrative revenue		
Funds provided by City of Toronto	306,078	301,930
Rentals	190,400	178,848
Other	16	3
Photocopier	<u>1,599</u>	<u>1,816</u>
	<u>498,093</u>	<u>478,597</u>
Administrative expenditures		
Salaries and wages	298,887	285,066
Purchased services	74,221	66,418
Employee benefits	74,678	61,952
Materials and supplies	<u>50,307</u>	<u>65,161</u>
	<u>498,093</u>	<u>478,597</u>
Excess of revenues over expenditures	9,832	13,128
Transfer to Capital Campaign Reserve (Note 5)	-	(6,451)
Transfer to Program Development Reserve	<u>(9,832)</u>	<u>(6,677)</u>
Net assets, end of year	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

**Board of Management for the
Swansea Town Hall Community
Statement of Cash Flows**

Year Ended December 31	2011	2010
Increase (decrease) in cash and short term investments		
Operating activities		
Excess of revenue over expenditures	\$ 9,832	\$ 13,128
Increase (decrease) resulting in changes in:		
Receivables	3,718	(5,310)
Prepays	1,283	(671)
Inventory	51	(64)
Payables - City of Toronto	(855)	(1,703)
Payables and accruals	11,563	(10,550)
Deferred revenue	(200)	-
Phase II Contribution to City	-	(28,900)
Long term accounts receivable - City of Toronto	(9,482)	(7,375)
Long term employee benefits payable	9,482	7,375
	<u>25,392</u>	<u>(33,440)</u>
Net increase (decrease) in cash and short term investments	25,392	(33,440)
Cash and short term investments, beginning of year	<u>31,012</u>	<u>64,452</u>
Cash and short term investments, end of year	\$ <u>56,404</u>	\$ <u>31,012</u>

See accompanying notes to the financial statements.

Board of Management for the Swansea Town Hall Community Centre Notes to the Financial Statements

December 31, 2011

1. Establishment and operations

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 - 0448 dated June 26, 1995 to reflect Chapter 25 of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established part of the premises at 95 Lavinia Avenue, as a community recreation centre known as Swansea Town Hall Community Centre (Centre).

The Municipal Code provides for a Council appointed Committee 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 (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

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the accounting policies summarized below:

Revenue recognition

Revenues and expenses are presented using the accrual basis of accounting. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions not expended are included as surplus for the year. Restricted contributions not expended are included as surplus under the specified program for the year. See Note 5 for additional details. Rental and similar revenues are recognized on the date of the performance or event.

Capital assets

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not reported in these financial statements. In accordance with the accounting recommendations for small not-for-profit organizations, the Centre expenses capital assets on acquisition. During 2011, capital assets expensed totalled \$21,595 (2010 - \$17,183) and are included in materials and supplies.

Use of estimates

The preparing of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. For example, the employee benefits liabilities and related costs charged to the statement of revenue and expenditures depend on certain actuarial and economic assumptions. Estimates and assumptions are based on the Centre's best information and judgment and may differ significantly from actual results.

Board of Management for the Swansea Town Hall Community Centre Notes to the Financial Statements

December 31, 2011

2. Significant accounting policies (continued)

Employee related costs

The Centre has adopted the following policies with respect to employee benefit plans:

- (a) the Centre's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are made; and
- (b) the costs of other employee benefits are determined by an independent actuary using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.

New accounting standards for Government not-for-profits organizations (GNFPOs)

The Public Sector Accounting Board has issued revised standards for GNPOs which are effective for fiscal years beginning on or after January 1, 2012. GNPOs will be required to adopt CICA Public Sector handbook with or without the addition of sections PS 4200 to PS4270. The organization has commenced assessing the impact of these new standards and does not expect them to have a significant impact on the financial statements.

3. Employee benefits

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 non-union management staff, unused sick leave accumulates and employees become 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 an employee on retirement or termination. The Centre also provides health, dental, life insurance, accidental death or dismemberment and long-term disability benefits to employees. (The same health, dental and life insurance benefits are provided to administration retirees until age 65 and reduced benefits thereafter.)

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed during 2009 and has been extrapolated to provide the accrued benefit obligation as of December 31, 2011. This actuarial valuation has resulted in an actuarial loss of \$10,704 which is being amortized on a straight-line basis over 16 years, being the expected average remaining service life of the employees.

Board of Management for the Swansea Town Hall Community Centre Notes to the Financial Statements

December 31, 2011

3. Employee benefits (continued)

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

	<u>2011</u>	<u>2010</u>
Sick leave benefit plan	\$ 39,110	\$ 35,611
Post-retirement benefits	<u>74,159</u>	<u>57,334</u>
	113,269	92,945
Add: Unamortized actuarial gain	<u>(20,420)</u>	<u>(9,578)</u>
Employee benefit liability	\$ <u>92,849</u>	\$ <u>83,367</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 83,367	\$ 75,992
Current service cost	5,212	5,593
Interest cost	4,956	3,057
Amortization of actuarial (gain)	(138)	(764)
Expected benefits paid	<u>(548)</u>	<u>(511)</u>
Balance, end of year	\$ <u>92,849</u>	\$ <u>83,367</u>

Expenditures relating to employee benefits are included as employee benefit expenses for administration on the Statement of Revenue and Expenses and include the following components:

	<u>2011</u>	<u>2010</u>
Current service cost	\$ 5,212	\$ 5,593
Interest cost	4,956	3,057
Amortization of actuarial (gain)	(138)	(764)
Expected benefits paid	<u>(548)</u>	<u>(511)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>9,482</u>	\$ <u>7,375</u>

A long term receivable has resulted from recording sick leave and post retirement benefits for administration staff benefit. Funding for these costs are provided by the City as benefit costs are paid and the City is responsible for the City approved administration staff benefit liabilities 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 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 \$18,136 in 2011 (2010 - \$13,994).

Board of Management for the Swansea Town Hall Community Centre

Notes to the Financial Statements

December 31, 2011

4. Funds provided by the City of Toronto

Funding for administration is provided by the City according to Council approved budgets. Surplus amounts in administration are payable back to the City. Deficits, other than long term employee benefits, are to be funded by the Centre unless Council approval has been obtained for additional funding.

	<u>2011</u>	<u>2010</u>
Budgeted administration expenditure:		
Centre's approved budget for 2010 administration expenses		
Salaries and benefits	\$ 371,550	\$ 352,792
Materials and supplies	51,300	51,000
Purchase of services	<u>51,723</u>	<u>40,533</u>
	<u>474,573</u>	<u>444,425</u>
Less: Budgeted revenue	<u>(177,300)</u>	<u>(149,700)</u>
 Budgeted net City funding	 <u>297,273</u>	 <u>294,725</u>
Actual administration expenditure:		
Centre's actual administration expenses	498,093	478,597
Post retirement benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto	 (9,482)	 (7,375)
Deduct: Revenue earned	<u>(192,015)</u>	<u>(176,667)</u>
 Funding allowed by City	 <u>296,596</u>	 <u>294,555</u>
 Administration expenditure under approved budget	 \$ <u>677</u>	 \$ <u>170</u>

The under expenditure of \$677 (2010 - \$170) is included in accounts payable to the City of Toronto.

5. Capital campaign program

The Board of Management created a Capital Campaign Program in October of 2007. These funds were earmarked for City approved project CCA 078-01 Phase II of basement expansion, and as such are not core administrative funds. Project Design began in 2010 and funds were requested. The reserve of \$28,900 was forwarded to the City. The Capital campaign is now complete.

6. Program development program

The Board of management created a Program Development Program in September 2010. These funds are earmarked for Program development. In 2011, the excess of program revenue over expenditures of \$9,832 was transferred to the Program Development Reserve.