

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX
For the year ended
DECEMBER 31, 2021

Management's Responsibility for the Financial Statements

The financial statements of the Board of Management for Applegrove Community Complex (the "Complex") 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 Complex'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 Complex'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 Welch 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 Complex's financial statements.

Jim Valentine

..... Chairperson

Moneca Yardley

..... Treasurer

INDEPENDENT AUDITOR'S REPORT

To the director of the

**CITY OF TORONTO AND
THE BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX***Qualified Opinion*

We have audited the financial statements of Board of Management for Applegrove Community Complex (the Complex), which comprise the statement of financial position as at December 31, 2021, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Complex as at December 31, 2021 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 Complex derives revenue from donations and fundraising revenue, 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 Complex and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, net revenue over expenses and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31, 2020 and 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 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 Complex 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.

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 Complex'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 Complex or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Complex'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 Complex'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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 13, 2022.

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u> (as restated)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 312,099	\$ 335,729
Investments (note 5)	145,791	145,102
Due from City of Toronto - vacation	17,122	18,108
Accounts receivable	30,431	46,873
Prepaid expenses	<u>5,781</u>	<u>5,218</u>
	511,224	551,030
TANGIBLE CAPITAL ASSETS (note 6)	42,641	40,002
LONG-TERM RECEIVABLE FROM CITY OF TORONTO (note 9)	<u>206,173</u>	<u>219,133</u>
	<u>\$ 760,038</u>	<u>\$ 810,165</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Due to City of Toronto (note 10)	\$ 5,902	\$ 14,090
Accounts payable and accrued liabilities	109,404	128,188
Deferred contributions (note 7)	75,391	106,276
City of Toronto working capital advance payable	<u>10,871</u>	<u>10,871</u>
	201,568	259,425
POST-EMPLOYMENT BENEFITS PAYABLE (note 9)	206,173	219,133
DEFERRED CAPITAL CONTRIBUTIONS (note 8)	<u>42,641</u>	<u>40,002</u>
	<u>450,382</u>	<u>518,560</u>
NET ASSETS (DEFICITS)		
Unrestricted	61,014	52,926
Internally restricted - program funds	103,642	238,679
Internally restricted - reserves (note 11)	<u>145,000</u>	<u>-</u>
	<u>309,656</u>	<u>291,605</u>
	<u>\$ 760,038</u>	<u>\$ 810,165</u>

Approved by the Board:

Jim Valentine

..... Chair

Moneca Yardley

..... Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	<u>Internally Restricted - Program Funds</u>	<u>Internally Restricted - Reserves (note 11)</u>	<u>Unrestricted</u>	<u>Total 2021</u>	<u>Total 2020</u>
Net assets, beginning of year	\$ 238,679	\$ -	\$ 52,926	\$ 291,605	\$ 318,296
Net revenue over expenses (expenses over revenue) - program	9,963	-	3,280	13,243	(26,691)
Net revenue over expenses - administration	-	-	4,808	4,808	-
Interfund transfers (note 11)	<u>(145,000)</u>	<u>145,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 103,642</u>	<u>\$ 145,000</u>	<u>\$ 61,014</u>	<u>\$ 309,656</u>	<u>\$ 291,605</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	<u>Program</u> (Schedule A)	<u>Administration</u> (note 10)	<u>2021</u>	<u>2020</u> (as restated)
Revenue				
Grants				
City of Toronto	\$ 358,100	\$ 564,746	\$ 922,846	\$ 792,799
Government of Canada	90,424	-	90,424	74,562
Province of Ontario	49,316	-	49,316	44,549
Other grants	<u>35,243</u>	<u>-</u>	<u>35,243</u>	<u>31,761</u>
	533,083	564,746	1,097,829	943,671
Program and membership fees	175,328	-	175,328	150,140
Donations and fundraising	33,586	-	33,586	17,032
Interest revenue	1,395	405	1,800	3,862
Amortization of deferred capital contributions	<u>1,408</u>	<u>8,000</u>	<u>9,408</u>	<u>-</u>
	<u>743,392</u>	<u>573,151</u>	<u>1,317,951</u>	<u>1,114,705</u>
Expenses				
Salaries and wages	371,958	329,799	701,757	666,078
Employee benefits	81,947	66,867	148,814	145,307
Materials and supplies	239,085	7,169	246,254	214,515
Purchase of services	37,159	156,508	193,667	115,496
Amortization of tangible capital assets	<u>1,408</u>	<u>8,000</u>	<u>9,408</u>	<u>-</u>
	<u>730,149</u>	<u>568,343</u>	<u>1,299,900</u>	<u>1,141,396</u>
Net revenue over expenses				
(expenses over revenue)	<u>\$ 13,243</u>	<u>\$ 4,808</u>	<u>\$ 18,051</u>	<u>\$ (26,691)</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR APPLEGROVE COMMUNITY COMPLEX

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u> (as restated)
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenue over expenses (expenses over revenue)	\$ 18,051	\$ (26,691)
Adjustments for:		
Amortization of tangible capital assets	9,408	-
Amortization of deferred capital contributions	<u>(9,408)</u>	<u>-</u>
	18,051	(26,691)
Increase (decrease) resulting from changes in:		
Due from City of Toronto	-	14,116
Due from City of Toronto - vacation	986	(629)
Accounts receivable	16,442	(26,726)
Prepaid expenses	(563)	1,671
Long-term receivable from City of Toronto	12,960	12,469
Due to City of Toronto	(8,188)	14,090
Accounts payable and accrued liabilities	(18,784)	43,929
Deferred contributions	(30,885)	46,557
Post-employment benefits payable	<u>(12,960)</u>	<u>(12,469)</u>
	<u>(22,941)</u>	<u>66,317</u>
INVESTING ACTIVITIES		
Purchase of investments	(145,791)	(145,102)
Proceeds from sale of investments	<u>145,102</u>	<u>140,408</u>
	<u>(689)</u>	<u>(4,694)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(12,047)</u>	<u>(40,002)</u>
FINANCING ACTIVITIES		
Capital contributions received	<u>12,047</u>	<u>40,002</u>
INCREASE (DECREASE) IN CASH	(23,630)	61,623
CASH, BEGINNING OF YEAR	<u>335,729</u>	<u>274,106</u>
CASH, END OF YEAR	\$ <u>312,099</u>	\$ <u>335,729</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

1. NATURE OF OPERATIONS

Applegrove Community Complex (the "Complex") was incorporated in 1979 as a corporation without share capital and registered as corporation #417388 under the Ontario Corporations Act. Applegrove Community Complex is also registered as a charity authorized with the Canada Revenue Agency, charitable number: 10671 8943 RR0001, and as such is exempt from income tax.

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 the addition to S.H. Armstrong Recreation Centre together with certain classrooms of the Duke of Connaught Public School and the office of the Woodfield Road Public School as a Community Recreation Centre under the Municipal Act, known as Applegrove Community Complex (the "Complex").

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.

Board of Management

At the Annual Meeting on March 31, 2005, the Complex amended its constitution to specify that the Board of Management would function as a Standing Committee of the Board of Directors for the non-profit corporation.

At the Annual Meeting on March 28, 2007 and in accordance with the City of Toronto's Relationship Framework with the City-funded Community Centres, the Complex amended its constitution so that it had separate constitutions for the incorporated body and the City Agency continuing the structure of the Board of Management as a Standing Committee of the non-profit corporation.

2. FINANCIAL STATEMENTS

The Municipal Code requires that audited annual financial statements be submitted by the Board of Management for the Complex to the City covering the management and control of the premises by the Committee. Because the Board of Management is a Standing Committee of the Board of Directors for the Corporation as a whole, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the Applegrove Community Complex as a whole, including the operations of the Board of Management.

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

3. RESTATEMENT OF FINANCIAL STATEMENTS

During the year, the Complex discovered that a leasehold improvement costs, previously recorded as payable and expense in the previous fiscal year, should have been recorded as a tangible capital asset. As a result, the comparatives have been restated.

Impact on the year ending December 31, 2020:

	<u>Previously stated</u>	<u>Adjustment</u>	<u>Restated</u>
<u>Statement of financial position</u>			
Assets			
Tangible capital assets	\$ -	\$ 40,002	\$ 40,002
Liabilities			
Deferred capital contributions	-	(40,002)	(40,002)
<u>Statement of operations</u>			
Revenue			
Grants - City of Toronto	\$ 832,801	\$ (40,002)	\$ 792,799
Expenses			
Purchase of services	155,498	(40,002)	115,496
<u>Statement of cash flows</u>			
Capital Activities			
Purchase of tangible capital assets	\$ -	\$ (40,002)	\$ (40,002)
Financing Activities			
Capital contributions received	-	40,002	40,002

There was no impact on the statement of changes in net assets.

4. 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 ("PSA-GNPO") as issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Fund accounting

The accounts of the Complex are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or object specified. The active funds are as follows:

(a) Applegrove Drop-in

The fund includes revenues and expenses for the Applegrove Parent/Child Drop-in including trips, special needs, fundraising and charitable donations designated to this program.

(b) Applegrove Connection

The fund includes revenues and expenses for the Applegrove Connection family resource program including special needs, fundraising and charitable donations designated to this program.

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

4. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

(c) After-School Program

The fund includes revenues and expenses for the school year program for children ages 6 to 12 including March Break and Professional Activity (P.A.) day programming, trips, fundraising and charitable donations designated to this program.

(d) Teen Program

The fund includes revenues and expenses for the school year program for youth ages 13 to 18 including charitable donations designated to this program.

(e) Perinatal Program

The fund includes revenues and expenses for the Helping Our Babies Grow program including charitable donations designated to this program.

(f) Foodhub

The fund includes revenues and expenses for the food access and delivery program including charitable donations designated to this program.

(g) Summer Camp and Leadership

The fund consolidates revenues and expenses for the Applegrove Summer Adventure Day Camp and the Applegrove Leadership Adventure including fundraising and charitable donations designated to this program.

(h) Seniors Program

The fund includes revenues and expenses for the Older Adults program including trips, OCAO funding, SALC funding, and charitable donations designated to this program.

(i) Other

The fund accounts for the all of the Complex's activities other than those listed above. It includes individual charitable donations not designated for specific programs, agency fundraising, gaming, etc.

Revenue recognition

The Complex 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 in the statement of financial position.

Program and membership fees and other similar revenues are recognized on the date the services are performed. Amounts received in advance of services being provided are classified as deferred revenue on the statement of financial position.

Monetary donations are recorded as received.

Financial instruments

The Complex initially measures its financial assets and financial liabilities at fair value.

The Complex subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and City of Toronto working capital advance payable.

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

4. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Employee related costs

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

(a) The City of Toronto offers a multi-employer defined benefit pension plan ("the "Plan") to the Complex's eligible employees. Due to the nature of the Plan, the Complex 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 Complex also offers its eligible 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 Complex 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.

Contributed materials and services

Because of 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. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

Leasehold improvements	5 years
Furniture and fixtures	5 years
Tents	3 years

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.

Use of estimates

The preparation of financial statements in conformity with PSA-GNPO 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 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.

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

5. INVESTMENTS

Investment consists of term deposits with interest rate of 0.15% maturing between June 2022 to November 2022.

6. TANGIBLE CAPITAL ASSETS

Tangible capital assets consists of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Leasehold improvements	\$ 40,002	\$ 8,000	\$ 40,002	\$ -
Equipment	8,995	900	-	-
Tents	<u>3,052</u>	<u>508</u>	-	-
	52,049	<u>\$ 9,408</u>	40,002	<u>\$ -</u>
Less: accumulated amortization	<u>(9,408)</u>		<u>-</u>	
	<u>\$ 42,641</u>		<u>\$ 40,002</u>	

7. DEFERRED CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 106,276	\$ 59,719
Add: contributions received	1,120,298	1,030,230
Less: amounts recognized as grant revenue	<u>(1,151,183)</u>	<u>(983,673)</u>
Balance, end of year	<u>\$ 75,391</u>	<u>\$ 106,276</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions are contributions that were received relating to capital assets and consist of the following:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 40,002	\$ -
Add: capital contributions received	12,047	40,002
Less: amortization recognized as revenue	<u>(9,408)</u>	<u>-</u>
Balance, end of year	<u>\$ 42,641</u>	<u>\$ 40,002</u>

9. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM RECEIVABLE FROM CITY OF TORONTO

The Complex 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 April 1, 2003, unused sick leave accumulated until March 1, 2008, and eligible employees may be entitled to a cash payment when leaving the Complex's employment. The liability for these accumulated days represents the extent to which they have vested and can be taken in cash by an employee upon termination, retirement or death. This sick bank plan was replaced by a Short-Term Disability Plan (STP) effective March 1, 2008, for all non-union employees of the City of Toronto. Upon the effective date, individual 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 STP 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.

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

9. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM RECEIVABLE FROM CITY OF TORONTO - Cont'd.

The Complex 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 2.7%, post-employment 2.0%, sick leave 2.1%

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

	<u>2021</u>	<u>2020</u>
Post-retirement benefits	\$ 165,103	\$ 145,144
Add: Unamortized actuarial gain	<u>41,070</u>	<u>73,989</u>
Post-employment benefit liability	<u>\$ 206,173</u>	<u>\$ 219,133</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 219,133	\$ 231,602
Current service cost	1,716	1,561
Interest cost	2,844	3,594
Amortization of actuarial gain	(8,184)	(9,014)
Expected benefits paid	<u>(9,336)</u>	<u>(8,610)</u>
Balance, end of year	<u>\$ 206,173</u>	<u>\$ 219,133</u>

A long-term receivable from the City of \$206,173 in 2021 (2020 - \$219,133) has resulted from recording of 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 Complex.

The Complex also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of certain 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 \$49,479 in 2021 (2020 - \$53,996).

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

9. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG-TERM RECEIVABLE FROM CITY OF TORONTO - Cont'd.

The most recent actuarial valuation of the OMERS plan as at December 31, 2021 indicates the Plan is in a deficit position and the plan's December 31, 2021 financial statements indicate a net deficit of \$69 million (a deficit of \$3.131 billion plus adjustment of \$3.062 billion of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over the next 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 Complex's contributions accounted for an insignificant portion of the Plan's total employer contribution. Additional contributions, if any, required to address the Complex's proportionate share of the deficit will be expensed during the period incurred.

10. FUNDS PROVIDED BY THE CITY OF TORONTO - ADMINISTRATION

Funding for administration 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 Complex unless Council approval has been obtained for additional funding.

	2021 <u>Budget</u> (unaudited)	<u>2021</u>	<u>2020</u>
Administration expenses:			
Salaries and wages	\$ 320,162	\$ 329,799	\$ 303,507
Employee benefits	87,064	66,867	65,555
Materials and supplies	7,732	7,169	8,316
Purchase of services	153,736	156,508	81,597
Amortization	-	8,000	-
	<u>\$ 568,694</u>	<u>\$ 568,343</u>	<u>\$ 458,975</u>
Complex's actual administration revenue:			
Administration budget		\$ 568,694	\$ 540,163
Difference in budget and amount funded		1,810	(15,807)
Interest revenue		405	253
		<u>\$ 570,909</u>	<u>\$ 524,609</u>
Complex's actual administration expenses:			
Administration expenses per statement of operations		\$ 568,343	\$ 458,975
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long-term receivable from City of Toronto		12,960	12,469
Amortization of tangible capital assets funded by deferred capital contribution		(8,000)	-
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto - vacation		986	(629)
Administration tangible capital asset acquisitions		-	40,002
Actual administration expenses		<u>\$ 574,289</u>	<u>\$ 510,817</u>
Administration expenses under (over) initial approved budget		<u>\$ (3,380)</u>	<u>\$ 13,792</u>

The over expenditure of \$3,380 (2020 - under expenditure of \$13,792) is recorded in due from City of Toronto.

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

10. FUNDS PROVIDED BY THE CITY OF TORONTO - ADMINISTRATION - Cont'd.

The Due to City of Toronto balance is comprised of:

	<u>2021</u>	<u>2020</u>
2017 insurance adjustment	\$ 248	\$ 248
2019 surplus payable	50	50
2020 surplus payable	8,984	13,792
2021 deficit recoverable	<u>(3,380)</u>	<u>-</u>
	<u>\$ 5,902</u>	<u>\$ 14,090</u>

11. INTERNALLY RESTRICTED - RESERVES

	<u>Balance at beginning of year</u>	<u>Transfers</u>	<u>Balance at end of year</u>
Operating reserve	\$ -	\$ 120,000	\$ 120,000
Infrastructure reserve	-	15,000	15,000
Strategic plan reserve	<u>-</u>	<u>10,000</u>	<u>10,000</u>
	<u>\$ -</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>

In 2021, the Board of Management approved a transfer from Internally Restricted Funds of \$95,000 (2020 - \$nil) from After School, \$40,000 (2020 - \$nil) from Summer Camp and Leadership Program, and \$10,000 (2020 - \$nil) from Seniors Program, with \$120,000 (2020 - \$nil) going to the Operating Reserve, \$15,000 (2020 - \$nil) going to the Infrastructure Reserve, and \$10,000 (2020 - \$nil) going to the Strategic Plan Reserve.

12. COMMITMENTS

The Complex is committed to the following future payments in respect to base rent and anticipated additional rent:

2022	\$ 113,000
2023	113,000
2024	113,000
2025	<u>113,000</u>
Total	<u>\$ 452,000</u>

13. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19

In mid-March 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the COVID-19.

On March 14, 2020, the Complex was closed in response to the quarantine measures implemented by the provincial government to stop the spread of COVID-19. Over the course of 2021, the Centre experienced numerous reopenings and closures imposed by the provincial government. As at March 1, 2022 the Complex reopened and is operating at modified hours.

13. **UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19 - Cont'd.**

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Complex's operations will be impacted. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity will have on the Complex's operations, assets, liabilities, net assets, revenues and expenses are unknown at this time.

14. **FINANCIAL INSTRUMENTS**

The Complex is exposed to and manages various financial risk 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 Complex's main financial risk exposures and its financial risk management policies are as follows:

Credit risk

The Complex is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Complex's maximum exposure to credit risk represents the sum of the carrying value of its cash, investments, due from City of Toronto, and accounts receivable. The Complex's cash and investments are with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Management believes that the Complex's credit risk with respect to accounts receivable and amounts due from City of Toronto is minimal. The Complex manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Liquidity risk

Liquidity risk is the risk that the Complex cannot meet a demand for cash or fund its obligations as they become due. The Complex's financial liabilities are comprised of accounts payable and accrued liabilities. The Complex manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Complex believes its overall liquidity risk to be minimal as the Complex's financial assets are considered to be highly liquid.

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 Complex's financial instruments are all denominated in Canadian dollars and the Complex 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 Complex's cash and short-term investments earn interest at prevailing market rate. As a result, management believes that the interest rate exposure related to these financial instruments is negligible.

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

14. **FINANCIAL INSTRUMENTS** - Cont'd.

Market risk - Cont'd.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flow 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 does not believe the Complex is exposed to significant other price risk.

Changes in risk

There have been no significant changes in the Complex's risk exposures from the prior year.

15. **COMPARATIVE FIGURES**

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

BOARD OF MANAGEMENT FOR APPLGROVE COMMUNITY COMPLEX

MAJOR PROGRAM ACTIVITIES AND FUNDRAISING

YEAR ENDED DECEMBER 31, 2021

	Internally restricted funds								Unrestricted		Total
	Applegrove Drop-in	Applegrove Connection	After School Program	Teen Program	Perinatal Program	Foodhub Program	Summer Camp and Leadership Program	Seniors Program	Program General	Other	
Program revenue											
Grants											
City of Toronto	\$ 136,830	\$ 31,103	\$ -	\$ 3,946	\$ -	\$ 140,865	\$ 8,084	\$ -	\$ -	\$ 37,272	\$ 358,100
Government of Canada	(2,374)	(397)	-	-	35,525	10,000	42,339	3,890	-	1,441	90,424
Province of Ontario	-	-	-	-	-	-	-	42,920	-	6,396	49,316
Other grants	-	-	-	-	-	27,029	4,000	2,625	-	1,589	35,243
	<u>134,456</u>	<u>30,706</u>	<u>-</u>	<u>3,946</u>	<u>35,525</u>	<u>177,894</u>	<u>54,423</u>	<u>49,435</u>	<u>-</u>	<u>46,698</u>	<u>533,083</u>
Program and membership fees	-	-	127,350	-	-	-	46,361	1,617	-	-	175,328
Donations and fundraising	93	150	304	-	-	23,979	631	1,852	-	6,577	33,586
Interest revenue	-	-	-	-	-	-	-	-	-	1,395	1,395
Amortization of deferred capital contributions	804	-	-	-	-	-	-	604	-	-	1,408
	<u>135,353</u>	<u>30,856</u>	<u>127,654</u>	<u>3,946</u>	<u>35,525</u>	<u>201,873</u>	<u>101,415</u>	<u>53,508</u>	<u>-</u>	<u>54,670</u>	<u>744,800</u>
Program expenditures											
Salaries and wages	103,995	17,414	78,547	4,931	7,686	19,373	61,500	28,021	15,378	35,113	371,958
Employee benefits	33,203	7,087	12,680	629	2,275	4,123	7,267	6,355	4,390	3,938	81,947
Materials and supplies	13,494	45	7,007	118	18,327	172,441	5,458	13,505	100	8,590	239,085
Purchase of services	1,941	454	10,599	-	2,449	5,936	7,098	4,063	870	3,749	37,159
Amortization of tangible capital assets	804	-	-	-	-	-	-	604	-	-	1,408
	<u>153,437</u>	<u>25,000</u>	<u>108,833</u>	<u>5,678</u>	<u>30,737</u>	<u>201,873</u>	<u>81,323</u>	<u>52,548</u>	<u>20,738</u>	<u>51,390</u>	<u>731,557</u>
Net revenue over expenses (expenses over revenue)	(18,084)	5,856	18,821	(1,732)	4,788	-	20,092	960	(20,738)	3,280	13,243
Net assets, beginning of year	6,885	4,568	202,732	(2,546)	4,565	188	41,967	13,527	(33,207)	52,926	291,605
Interfund transfers (note 11)	-	-	(95,000)	-	-	-	(40,000)	(10,000)	-	-	(145,000)
Net assets, end of year	<u>\$ (11,199)</u>	<u>\$ 10,424</u>	<u>\$ 126,553</u>	<u>\$ (4,278)</u>	<u>\$ 9,353</u>	<u>\$ 188</u>	<u>\$ 22,059</u>	<u>\$ 4,487</u>	<u>\$ (53,945)</u>	<u>\$ 56,206</u>	<u>\$ 159,848</u>