



May 20, 2008

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Dear Members of the Board:

Re: Internal control findings from the 2007 audit

Receiving observations and findings on your financial reporting processes and controls is one of the benefits of an annual financial statement audit. Grant Thornton LLP implemented new processes and technology to address the changing standards of conducting a financial statement audit. This approach includes an increased emphasis on internal control.

Our audit is planned and conducted to enable us to express an audit opinion on the annual financial statements. The matters dealt with in this letter came to our attention during the conduct of our normal examination, and as a result, this letter does not necessarily include all matters that would be uncovered through a more extensive or special engagement.

The standards of the public accounting profession require us to report annually to you our findings on certain weaknesses and deficiencies in your internal controls. We have categorized our findings as follows:

- **Material weaknesses** (individual or aggregated deficiencies that could result in a material misstatement in the financial statements due to fraud or error)
- **Significant deficiencies**
- **Other deficiencies and advisory comments**

Significant deficiencies

1. *Segregation of Duties*

In an ideal internal control environment, there are certain accounting functions that should not be performed by the same person. For example the same individual should not initiate a purchase, authorize the same purchase and then sign the cheque. By segregating certain functions, a control environment is created that minimizes the risk of misstatements from fraud or error.

As is similar with many small organizations, limited resources restrict the Community Centre's ability to segregate each function to the appropriate extent. The Centre has implemented monitoring controls to compensate for the lack of a proper segregation of duties. The effectiveness of these monitoring controls depends on the timeliness of the review, the level of inquiry and the information reviewed. The Centre should continue to review the monitoring controls to ensure that:

- the reviews are completed on a timely basis;
- the information being reviewed is appropriate; and
- appropriate staff are completing the monitoring function.

Management response

We are pleased to report that the Centre continues to review the monitoring controls noted on a regular basis to compensate for the lack of segregation of duties, given the size of our organization, and the restrictions stemming from limited resources. A full list of control measures that are implemented at our Centre are documented in the system notes of our operations, which are reviewed annually with Grant Thornton staff at the time of audit field work. Going forward from receipt of this Management letter, all expense reimbursements made to the Executive Director will be authorized by two Board of Management signing officers (see attached minutes of the May 27, 2008 Board of Management meeting).

Please be assured that the Board is committed to effective oversight of the Centre operations to ensure that appropriate and workable fiscal controls are and will continue to be in place.

It is management's responsibility to weigh the costs of implementing controls against the benefits that the controls will achieve. The purpose of this letter is to provide you with the information related to the identified risks so that you can make the necessary decisions. The matters discussed herein are those that have been noted as of February 29, 2008, and we have not updated our procedures regarding these matters to the current date. In addition, this communication is prepared solely for the information of management and is not intended for any other purposes; we accept no responsibility to a third party who uses this communication.

To complete our files, please provide us with a copy of your response to our comments in the space provided.

Should you require any further information or explanations, please contact us.

Yours sincerely,
Grant Thornton LLP



Allister Byrne, FCA
Partner

**CENTRAL EGLINTON COMMUNITY CENTRE
MINUTES OF THE BOARD OF MANAGEMENT MEETING
TUESDAY, MAY 27, 2008
5:45 p.m.**

PRESENT
Larry Binns
Susan Innes (Chair)
Susan Kee (staff)
Wilmar Kortleever
Joanne Rice
David Shtern

REGRETS
Anne Cocev
Abdul Versi

- 1.0 Minutes and Agenda
Motion
“Resolved that the Board of Management approve the minutes of the May 22, 2008 Board of Management meeting” MOVED by David Shtern; SECONDED by Joanne Rice; CARRIED.
- 2.0 Conflict of Interest

No conflict of interest was declared by those present.
- 3.0 Reports for Action
- a) Finance Committee - Larry presented the 2008 First Quarter statements and called for approval as presented.
MOTION
“Resolved that the Board of Management approve the 2008 First Quarter Financial Statements as presented”
MOVED by Larry Binns; SECONDED by David Shtern; CARRIED.
Staff reported on the 2007 audit process including the audited statements and issues raised in the Management letter sent by the auditors. Discussion ensued. Larry presented the 2007 audited statements and called for the Board approval.
MOTION
“Resolved that the Board of Management approve the 2007 Audited Financial Statements as presented”
MOVED by Larry Binns; SECONDED by Wilmar Kortleever; CARRIED.
With respect to the auditor’s comments concerning segregation of duties, Susan K. has discussed this with senior staff and the Board Treasurer and, as a result, has suggested a change to the cheque signing process. She noted that all cheques issued require background information (requisition or invoice) which is reviewed and authorized by both signing officers. Discussion ensued and those present indicated support and agreement of changes suggested by staff. Susan shared a draft of the Centre’s response to the Management letter, noting that AOCC will be discussing this at its June meeting and will process from there.
MOTION

“Resolved that the Board of Management require the signatures of two Board signing officers on all expense cheques payable to the Executive Director”

MOVED by Larry Binns; SECONDED by David Shtern; CARRIED.

4.0 Reports for Information

- a) PR/ FR Committee - Susan I. reviewed the minutes of the May committee meeting and noted upcoming special events. All Board members were encouraged to either participate or pledge for the Toronto Challenge. Next year’s spring craft market will be promoted differently - as a rummage sale or spring bazaar to attract more people. The upcoming Health & Beauty Day event will require volunteers and Susan I. encouraged those present to assist.
- b) Program Committee - Wilmar and David reported on this meeting. Spring programs were reviewed and a report on the upcoming summer programs was presented. We have received an additional \$500 in Star Fresh Air funding and our City CSP grant increased by 2%.
- c) HR/ Nominating Committee - This committee did not meet; however, staff noted that there will be a Board vacancy next month when Anne Cocev’s term of office expires. The names of three potential candidates were presented. Susan I. will contact them to determine their level of interest in serving on the Board.
- d) Executive Director’s Report - Susan referred the Board to her written report for March. The new security system is expected to be installed in early June.

5.0 Next Meeting - The next meeting is our AGM on Tuesday, June 24, 2008 at 6:30 p.m. The Volunteer Recognition event will follow immediately afterwards.

6.0 David Shtern MOVED and Larry Binns SECONDED a motion for adjournment. The meeting adjourned at 6:45 p.m.