

FINANCIAL STATEMENTS

For

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

For the year ended

DECEMBER 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND BOARD OF MANAGEMENT FOR THE EASTVIEW
NEIGHBOURHOOD COMMUNITY CENTRE**

We have audited the accompanying financial statements of the Board of Management for the Eastview Neighbourhood Community Centre, which comprise the statement of financial position as at December 31, 2013 and 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.

Management's Responsibility 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.

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.

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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, net revenues 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 Eastview Neighbourhood Community Centre as at December 31, 2013 and the 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.

Other Matter

The financial statements of the Board of Management for the Eastview Neighbourhood Community Centre for the year ended December 31, 2012, were audited by another auditor who expressed a qualified opinion on those financial statements on June 5, 2013 for the reasons described in the Basis for Qualified Opinion paragraph.



Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 12, 2014.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 126,127	\$ 137,318
Short term investments	227,944	274,769
Accounts receivable - City of Toronto	125,540	53,223
Accounts receivable - Other	11,472	10,520
Prepaid expenses	<u>-</u>	<u>2,290</u>
	491,083	478,120
CAPITAL ASSETS (Note 5)	-	10,280
ACCOUNT RECEIVABLE - CITY OF TORONTO (note 8)	149,496	116,359
LOTTERY TRUST ACCOUNT (note 9)	13,997	37,228
BURSARY TRUST ACCOUNT (note 10)	<u>3,061</u>	<u>4,521</u>
	<u>\$ 657,637</u>	<u>\$ 646,508</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities - City of Toronto	\$ 79,331	\$ 266
Accounts payable and accrued liabilities - Other	59,622	107,003
Deferred contributions (note 6)	<u>124,145</u>	<u>165,890</u>
	263,098	273,159
DEFERRED CAPITAL CONTRIBUTION (note 7)	-	10,280
POST-EMPLOYMENT BENEFITS PAYABLE (note 8)	149,496	116,359
LOTTERY TRUST ACCOUNT (note 9)	13,997	37,228
BURSARY TRUST ACCOUNT (note 10)	<u>3,061</u>	<u>4,521</u>
	<u>429,652</u>	<u>441,547</u>
NET ASSETS		
Invested in capital assets	-	10,280
Board designated reserve (note 11)	133,360	133,360
Unrestricted	<u>94,625</u>	<u>61,321</u>
	<u>227,985</u>	<u>204,961</u>
	<u>\$ 657,637</u>	<u>\$ 646,508</u>

Approved by the Board:

..... Chair

..... Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2013

	<u>Invested in capital assets</u>	<u>Board designated reserve</u>	<u>Unrestricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
Net assets, beginning of year	\$ 10,280	\$ 133,360	\$ 61,321	\$ 204,961	\$ 201,465
Net revenues over expenses	-	-	23,024	23,024	3,496
Change in net assets invested in capital assets	<u>(10,280)</u>	<u>-</u>	<u>10,280</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 133,360</u>	<u>\$ 94,625</u>	<u>\$ 227,985</u>	<u>\$ 204,961</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	<u>Program</u>	<u>Administration</u>	<u>2013</u>	<u>2012</u>
Revenue				
City of Toronto - Administration	\$ -	\$ 636,283	\$ 636,283	\$ 571,395
Grants				
United Way	341,235	-	341,235	357,641
City of Toronto (note 14)	163,019	-	163,019	157,198
Province of Ontario (note 14)	105,116	-	105,116	108,805
Government of Canada	125,605	-	125,605	79,312
Foundations	110,488	-	110,488	29,913
Amortization of deferred capital contributions	<u>10,280</u>	<u>-</u>	<u>10,280</u>	<u>7,030</u>
	<u>855,743</u>	<u>636,283</u>	<u>1,492,026</u>	<u>1,311,294</u>
Donations	27,487	-	27,487	44,324
Fundraising	43,214	-	43,214	38,730
Program income	104,410	-	104,410	66,359
Memberships	5,421	-	5,421	5,164
Funds from Massey Centre	19,583	-	19,583	16,029
Other revenue	<u>3,410</u>	<u>-</u>	<u>3,410</u>	<u>4,564</u>
	<u>1,059,268</u>	<u>636,283</u>	<u>1,695,551</u>	<u>1,486,464</u>
Expenses				
Salaries and wages	641,770	435,532	1,077,302	1,027,419
Employee benefits	178,734	148,543	327,277	254,176
Materials and supplies	108,649	15,502	124,151	100,215
Purchase of services	96,811	36,706	133,517	89,128
Amortization of capital assets	<u>10,280</u>	<u>-</u>	<u>10,280</u>	<u>7,030</u>
	<u>1,036,244</u>	<u>636,283</u>	<u>1,672,527</u>	<u>1,477,968</u>
Net revenues over expenses	<u>\$ 23,024</u>	<u>\$ -</u>	<u>\$ 23,024</u>	<u>\$ 8,496</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenues over expenses	\$ 23,024	\$ 8,496
Net expenses over revenues (unrestricted fund)	-	(5,000)
Adjustments for:		
Amortization of capital assets	10,280	7,030
Amortization of deferred capital contributions	<u>(10,280)</u>	<u>(7,030)</u>
	23,024	3,496
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto	(72,317)	(40,671)
Accounts receivable - Other	(952)	(4,558)
Prepaid expenses	2,290	(2,290)
Long term account receivable - City of Toronto	(33,137)	14,944
Accounts payable and accrued liabilities - City of Toronto	79,065	(77)
Accounts payable and accrued liabilities - Other	(47,381)	(889)
Deferred contributions	(41,745)	72,791
Post-employment benefits payable	<u>33,137</u>	<u>(14,944)</u>
Cash flows provided from (used in) operating activities	<u>(58,016)</u>	<u>27,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale (purchase) of investments	<u>46,825</u>	<u>(4,564)</u>
Cash flows provided from (used in) investing activities	<u>46,825</u>	<u>(4,564)</u>
INCREASE (DECREASE) IN CASH	(11,191)	23,238
CASH, AT BEGINNING OF YEAR	<u>137,318</u>	<u>114,080</u>
CASH, AT END OF YEAR	<u>\$ 126,127</u>	<u>\$ 137,318</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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 the premises at 86 Blake Street, Toronto, as a community centre under the authority of the Municipal Act, known as Eastview Neighbourhood 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 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. FINANCIAL STATEMENTS

The Municipal Code requires that audited annual financial statements be submitted by the Board of Management for the Centre to the City covering the management and control of the premises by the Board. However, since the revenue and expenditure from programs include the operations of the East Toronto Family Community Centre, a registered charitable organization, separate financial statements have not been prepared. Accordingly, the financial statements reflect the operations of the East Toronto Family Community Centre as a whole, including the Eastview Neighbourhood Community Centre.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for government not-for-profits ("PSA-GNPO") as issued by the Public Sector Accounting Board (PSAB).

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 capital assets are deferred and amortized over the life of the related capital assets. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contribution on the statement of financial position.

Rental and similar revenues are recognized on the date of the performance or event.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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, short-term investments, accounts receivable and amounts in trust. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts in trust.

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements. Monetary donations are recorded as received.

Capital assets

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

Computers	- 3 years straight line
Furniture and equipment	- 5 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 multiemployer 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 multiemployer 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 postretirement 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 actuarial gains / losses.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards for government not-for-profits 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 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.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

4. 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.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Centre will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities and trust accounts.

The Centre manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Centre believes its overall liquidity risk to be minimal as the Centre's financial assets are considered to be highly liquid.

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 short-term investments earn interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

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, short term investments and accounts receivable. The Centre's cash and short term 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 Centre's credit risk with respect to accounts receivable is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Changes in risk

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

5. CAPITAL ASSETS

Capital assets consist of the following:

	2013		2012	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Administrative Computers	\$ 7,650	\$ 7,650	\$ 7,650	\$ 7,650
Program Furniture and equipment	92,989	92,989	92,989	82,709
	100,639	\$ 100,639	100,639	\$ 90,359
Accumulated amortization	<u>100,639</u>		<u>90,359</u>	
Net book value	\$ -		\$ 10,280	

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

6. DEFERRED CONTRIBUTIONS

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 165,890	\$ 93,099
Add: Funds received	1,450,281	1,384,085
Less: Amounts recognized as revenue	<u>(1,492,026)</u>	<u>(1,311,294)</u>
Balance, end of year	<u>\$ 124,145</u>	<u>\$ 165,890</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 10,280	\$ 17,310
Less: Amortization of deferred capital contributions	<u>(10,280)</u>	<u>(7,030)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 10,280</u>

8. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG TERM ACCOUNT 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 April 1, 2003, unused sick leave accumulated until March 1, 2008 and eligible employees may be entitled to a cash payment upon leaving 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, individual sick banks were locked with no further accumulation. Grandfathered management staff remains 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 conversion of unused sick leave.

The Centre 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, 2012 with projections to December 31, 2013, 2014 and 2015. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2 %
- assumed health care cost trends - range from 3.2% to 6.4 %
- rate of compensation increase - 3 %
- discount rates - post-retirement 4.4 %, post-employment 3.6 %, sick leave 4.1 %

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

8. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG TERM ACCOUNT RECEIVABLE - Cont'd.

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

	<u>2013</u>	<u>2012</u>
Sick leave benefits	\$ 49,808	\$ 53,039
Post-employment income benefits	341,321	372,584
Continuation of benefits to disabled employees	203,173	217,370
Post-retirement benefits	<u>136,566</u>	<u>131,008</u>
	730,868	774,001
Less: Unamortized actuarial loss	<u>581,372</u>	<u>657,642</u>
Employee benefit liability	\$ <u>149,496</u>	\$ <u>116,359</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 116,359	\$ 131,329
Current service cost	5,586	5,885
Interest cost	54,232	7,586
Amortization of actuarial loss	47,832	9,469
Expected benefits paid	<u>(74,513)</u>	<u>(37,910)</u>
Balance, end of year	\$ <u>149,496</u>	\$ <u>116,359</u>

Expenditures relating to employee benefits are included as administration employee benefits on the statement of operations in the amount of \$33,137 (2012 - (\$14,970)).

	<u>2013</u>	<u>2012</u>
Current service cost	\$ 5,586	\$ 5,885
Interest cost	54,232	7,586
Amortization of actuarial loss	47,832	9,469
Expected benefits paid	<u>(74,513)</u>	<u>(37,910)</u>
Total expenditures related to post-retirement and Post-employment benefits	\$ <u>33,137</u>	\$ <u>(14,970)</u>

A long term receivable of \$149,496 (2012 - \$116,359) from the City has resulted from the 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 administration 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. This 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 \$36,089 in 2013 (2012 - \$36,406).

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

8. POST-EMPLOYMENT BENEFITS PAYABLE AND LONG TERM ACCOUNT RECEIVABLE - Cont'd.

The most recent actuarial valuation of the plan as at December 31, 2013 indicates the Plan is not fully funded and the plan's December 31, 2013 financial statements indicate a deficit of \$8.6 billion (less an additional \$341 million of deferred gains that must be recognized over the next four years). The plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Centre's contributions accounted for 0.002% 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.

9. LOTTERY TRUST ACCOUNT

In February 1998, the Centre introduced a program of licensed weekly bingo games to provide funding for charitable work with children, youth, seniors and families. At December 31, 2013 the surplus funds on hand amounted to \$14,524 (2012 - \$37,228). Revenues were provided to the Kennedy Road Bingo Sponsors Association for accounting and distribution to all member charities in equal amounts determined from the overall proceeds. The Centre's share of proceeds is distributed to the East Toronto Family Community Centre and is maintained in a separate bank account.

10. BURSARY TRUST ACCOUNT

A special trust account to assist students in pursuing post secondary school education was created in 1982 by the senior citizens' group affiliated with the East Toronto Family Community Centre. The unexpended balance was \$3,061 (2012 - \$4,521) at December 31, 2013.

11. RESERVES

	<u>2013</u>	<u>2012</u>
Capital / Project Reserve	\$ 63,192	\$ 63,192
Administrative Contingency Reserve	<u>70,168</u>	<u>70,168</u>
	<u>\$ 133,360</u>	<u>\$ 133,360</u>

The Capital/Project Reserve is restricted to expenditures of a capital/project nature as approved by the Committee of Management/Board of Directors.

The Administrative Contingency Reserve consists of Committee of Management/Board of Directors approved transfers of monies from the Centre's program surplus to provide a contingency fund for essential administrative costs. Interest earned on the reserve balance is recorded as program revenue.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

12. PERINATAL AND NUTRITION SUPPORT PROGRAM

The Centre acts as trustee for the allocation of funds received from the Government of Canada to the five partners of the Toronto South East Coalition of Perinatal Nutrition and Support Programs. During 2013, the Centre received \$276,024 (2012 - \$148,223) from the Federal Government. The Centre distributed \$292,493 (2012 \$131,754) to the Coalition partners. \$16,469 received but undistributed in 2012 was distributed in 2013. The allocation of funds to each partner is approved by the coalition. The Centre, as a partner, records only its share of revenue and staff costs in these financial statements.

Total funding of \$84,337 was received by Eastview, of which \$5,496 was related to receivable from 2012 fiscal year. At December 31, 2013, the Centre deferred \$16,174 for amount unspent for the program in the year.

The partners, including the Centre, were allocated the following amounts:

	<u>2013</u>	<u>2012</u>
Eastview Neighbourhood Community Centre	\$ 77,677	\$ 36,692
Regent Park Community Health Centre	67,480	28,937
June Callwood Centre for Women & Families	47,835	19,945
Hincks-Dellcrest Centre	50,791	24,315
Applegrove Community Complex	42,050	18,861
Staff costs shared	<u>6,660</u>	<u>3,004</u>
	<u>\$ 292,493</u>	<u>\$ 131,754</u>

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

13. FUNDS PROVIDED BY CITY OF TORONTO - ADMINISTRATION

Funding for administration expenses is provided by the City according to Council approved budgets. Surplus amounts in administration are repayable 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.

	2013 <u>Budget</u> (unaudited)	<u>2013</u>	<u>2012</u>
Administration expenditure:			
Salaries and wages	\$ 383,953	\$ 435,532	\$ 425,221
Employee benefits	104,700	148,543	100,748
Materials and supplies	14,500	15,502	12,188
Purchase of services	<u>27,500</u>	<u>36,706</u>	<u>33,237</u>
	\$ 530,653	\$ 636,283	\$ 571,394
Centre's actual administration revenue:			
Administration budget		\$ 530,653	\$ 529,400
2012 Cola payment		<u>-</u>	<u>8,186</u>
		<u>530,653</u>	<u>537,586</u>
Centre's actual administration revenue:			
Administration expenses		636,283	571,394
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto		(33,137)	-
Severance payment liability, not funded by the City until paid, that is included in accounts receivable - City of Toronto		(78,319)	-
Vacation pay liability, not funded by the City until paid, that are included in accounts receivable - City of Toronto		9,340	-
Difference between funding received and budgeted		<u>6</u>	<u>-</u>
		<u>534,173</u>	<u>571,394</u>
Administration expenditure (over) under approved budget		\$ (3,520)	\$ (33,808)

The over expenditure of \$3,520 (2012 - \$33,808) is included in account receivables from the City.

BOARD OF MANAGEMENT FOR THE EASTVIEW NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

14. GRANTS

The grants revenue recognized from the City of Toronto and Province of Ontario is comprised of the following:

	<u>2013</u>	<u>2012</u>
City of Toronto:		
Children's Services - family resource centre	\$ 95,248	\$ 95,688
Children's Services - summer day camp program	7,431	3,500
Community Resources Section - community service partnerships (CSP)	<u>60,340</u>	<u>58,010</u>
	<u>\$ 163,019</u>	<u>\$ 157,198</u>
Province of Ontario:		
Ministry of Citizenship and Immigration - Newcomer settlement program (NSP)	\$ 55,235	\$ 56,329
Ministry of Health and Long Term Care - Seniors resources	<u>49,881</u>	<u>52,476</u>
	<u>\$ 105,116</u>	<u>\$ 108,805</u>

15. COMPARATIVE FIGURES

Comparative figures have been audited by another auditor and have been reclassified where necessary to conform to the presentation adopted in the current year.

REPORT TO THE

**BOARD OF MANAGEMENT FOR THE
EASTVIEW NEIGHBOURHOOD
COMMUNITY CENTRE**

For the year ended December 31, 2013

Prepared by
Welch LLP

AUDIT STATUS

Our audit of the financial statements of Board of Management for the Eastview Neighbourhood Community Centre for the year ended December 31, 2013 is substantially complete and we expect to release our auditors' report after the following outstanding matters are completed:

- Receipt of the signed management representation letter
- Review of file by Second partner at Welch LLP
- Final subsequent events review
- Approval of draft financial statements by the Board

If any significant matters arise between the date of this report and the signing of our audit report we will raise them with you. The following paragraphs provide information we are required to communicate with you in accordance with Canadian generally accepted auditing standards.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES AND FINANCIAL REPORTING

Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided in the financial statements.

There are no matters with respect to the qualitative aspects of accounting practices that we wish to draw to your attention in relation to the financial statements for the 2013 fiscal year.

MANAGEMENT LETTER OF REPRESENTATION

It is necessary for us to obtain written representations from management as an acknowledgement of their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. We have provided a draft of the letter of representation in Appendix A. The Executive Director has committed to provide us with a signed copy of the letter on a date to coincide with the date of our auditors' report.

MISSTATEMENTS

The corrected and uncorrected misstatements identified during our audit are included in Appendix A.

Canadian generally accepted auditing standards require that we request that management correct all the misstatements that we present to them. The uncorrect misstatements are comprised of the following;

\$15,000 of monies received for 2014 revenues was not recorded as as an outstanding deposit and deferred revenue as at December 31, 2013. Management has decided not to adjust the financial statements for this item due the fact that it has no impact on the statement of operations.

\$5,580 donation from Race for Kids relating to the 2013 race was not recorded as revenue in 2013 as the funds were not received until 2014. Management has decided not to adjust the financial statements for this item due to the small dollar value involved.

MISSTATEMENTS - Cont'd.

\$1,524 of employer payroll tax burdens was not accrued relating to the accrued wage for the last few days of December 2013. Management has decided not to adjustment the financial statement for this item due to the small dollar value involved.

As a result of the above unadjusted misstatements, the administrative deficit and accounts receivable from the City of Toronto was overstated by \$819. We agree with management's decisions.

If you disagree with management, and would like management to make the proposed adjustment(s), we request that you inform management and us accordingly.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

During our audit we did not identify any significant deficiencies in internal control to report to the board.

INDEPENDENCE

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between Board of Management for the Eastview Neighbourhood Community Centre and us that, in our professional judgment, may reasonably be thought to bear on our independence.

We evaluated our role and relationship with the organization and determined that there were no independence issues, as outlined in the Rules of Professional Conduct that govern our profession, that would prevent us from performing the audit.

FINANCIAL STATEMENT PRESENTATION

1. Significant Accounting Policies

The organization's significant accounting policies are disclosed in the notes to the financial statements.

During the year there were no new accounting policies or changes to existing accounting policies.

2. Management's Judgments and Accounting Estimates

During the audit we did not encounter any situations that required significant judgements on the part of management or involved significant estimates.

DIFFICULTIES ENCOUNTERED DURING THE AUDIT

During the course of our audit we received the full co-operation of management and did not encounter any difficulties during our audit. There were no limitations on the scope of our audit work and we did not have any disagreements with management.

MATTERS SPECIFICALLY REQUIRED BY OTHER CANADIAN AUDITING STANDARDS TO BE COMMUNICATED

Other sections of Canadian Auditing Standards require us to communicate with those charged with governance in a number of specific circumstances:

- Where we encounter unusual related party transactions or significant matters related to related party transactions;
- Where we encounter other transactions that were unusual or not in the normal course of business;
- Where we suspect or detect fraud;
- Where there is inconsistency between the financial statements and other information in documents containing the financial statements; and
- Where we believe there may be non-compliance with legislative or regulatory requirements.

We did not encounter any such matters during the course of our audit.

ACKNOWLEDGEMENTS

During the course of our audit, we received considerable assistance from the organization's staff and management. We would like to take this opportunity to thank them for efforts and for their constructive approach to the audit.

**BOARD OF MANAGEMENT FOR THE EASTVIEW
NEIGHBOURHOOD COMMUNITY CENTRE**

86 Blake Street
Toronto, Ontario
M4E 2V6

Date to be determined

Welch LLP
36 Toronto Street
Suite 530
Toronto, ON
M5C 2C5

Dear Sirs:

We are providing this letter in connection with your audit of the financial statements of Board of Management for the Eastview Neighbourhood Community Centre as of December 31, 2013 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Board of Management for the Eastview Neighbourhood Community Centre in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations and for the design and implementation of internal controls to prevent and detect fraud and error.

We acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 25, 2013, for the preparation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations; in particular, the financial statements are fairly presented in accordance therewith.
2. The significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Information Provided

1. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - (b) Additional information that you have requested from us for the purpose of the audit; and
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence
2. All transactions have been recorded in the accounting records and are reflected in the financial statements
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have assessed this risk as low.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - (a) Management;
 - (b) Employees who have significant roles in internal control; or
 - (c) Others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Accounts Receivable

1. Accounts receivable are correctly described in the records and represent valid claims as at the year-end against the persons or companies indicated. These accounts are expected to be collected within twelve months, except those amounts presented as long-term.
2. All services rendered prior to the year-end have been recorded as sales of that period.
3. The accounts receivable are free from hypothecation or assignment except as disclosed in the notes to the financial statements.
4. Adequate allowance has been made for any losses from uncollectible accounts, costs or expenses that may be incurred with respect to services rendered prior to the year-end.
5. Accounts receivable represent valid claims relating to transactions made before the end of the fiscal year. Adequate provision has been made for losses which may be sustained in the collection of receivables.

Temporary and Portfolio Investments

1. All investments that are owned by the organization are recorded in the accounts.
2. The organization has good title to all investments recorded in the accounts and these investments are free from hypothecation.
3. These investments were valued at amortized cost as at December 31, 2013.
4. All income earned on the investments for the year has been recorded in the accounts.
5. Where there has been a significant adverse change in the expected timing or amount of future cash flows from an investment, it has been appropriately written down.

Capital Assets

1. All charges to capital asset accounts during the year represent actual additions to and no expenditures of a capital nature were charged to the operations of the organization during the year.
2. All capital assets sold or dismantled have been properly accounted for in the books of the organization.
3. Appropriate rates have been used to amortize the assets over their estimated useful lives and the provisions were calculated on a basis consistent with that of the previous period.
4. The organization has good title to the properties represented by the balance carried in the capital asset accounts, and there are no liens, mortgages or other charges against any of the capital assets shown on the books of the organization.
5. Where the value of any capital assets has been impaired, this fact has been disclosed to you.

Liabilities and Commitments

1. At the year end, with the exception of relatively immaterial obligations for which invoices had not been received or which otherwise could not readily be determined or estimated, all known liabilities of the organization are included and fairly stated on the balance sheet.
2. At the year-end there were no contingent liabilities (e.g., discounted receivables or drafts, guarantees, pending or unsettled suits, matters in dispute).
3. The organization has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
4. At the year-end, the organization had no unusual commitments or contractual obligations of any sort that were not in the ordinary course of business or that might have an adverse effect upon the organization.
5. All claims outstanding against the organization or possible claims have been disclosed to you and, where appropriate, reflected in the financial statements or notes thereto.
6. We understand that any illegal or possibly illegal act could damage the organization or its reputation or give rise to a claim or claims against the organization. We are not aware of any violations or possible violations of law or regulations the effects of which should be considered for disclosure in the financial statements or as the basis for recording a contingent loss.

Statement of Operations

1. All of the revenues of the organization for the year has been recorded in the books of account and disclosed in the financial statements.
2. The statement of operations contains no extraordinary or non-recurring items of material amount except as shown thereon.

Restrictions

1. All restrictions on the use of the organization's funds or assets, as well as all requirements or conditions imposed by third parties, have been brought to your attention and are appropriately disclosed in the financial statements. The organization complied with all restrictions, requirements or conditions which, in the event of non-compliance could have a significant effect on the financial statements.
2. All assets subject to a lien, pledged or assigned as security or guarantee for liabilities were brought to your attention and are appropriately disclosed in the financial statements.

Corporate Minutes

The minute books of the organization contain an accurate record of all of the business transacted at meetings of the Board of directors and committees of directors up to the date of this letter.

Controlled and Related Entities

1. All subsidiaries and controlled not-for-profit organizations have been accurately reflected in the financial statements.
2. All enterprises and not for profit organizations where the organization has joint control, exerts significant influence or has an economic interest have been appropriately reflected in the financial statements.

Related Party Transactions

1. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards for government not-for-profit organizations.
2. There have been no exchanges of goods or services with any related parties for which appropriate accounting recognition and financial statement disclosure has not been given.

Recognition, Measurement and Disclosure

1. Significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
2. The organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
3. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
4. The actuarial assumptions and methods used to measure the pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Going Concern

We confirm that we have assessed the entity's ability to continue as a going concern, taking into account all information which is at least twelve months from the year-end date, and we conclude that the entity is able to continue as a going concern for the foreseeable future.

General

1. We are unaware of any frauds or possible frauds having been committed by the organization, its employees or any of its directors and officers and we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
2. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements.
3. We acknowledge that we are responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
5. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
6. In the course of your audit of our financial statements for the year ended December 31, 2013, you have recommended certain journal entries and adjustments to our books and records as attached to this letter. We hereby acknowledge that we understand, agree with and approve of the attached journal entries which have been considered necessary to present fairly the financial position and operating results of our organization.

Events Subsequent to the Year-end

All events subsequent to the date of these financial statements and for which Canadian public sector accounting standards for government not-for-profit organizations require adjustment or disclosures have been adjusted or disclosed.

Yours very truly,

BOARD OF MANAGEMENT FOR THE EASTVIEW
NEIGHBOURHOOD COMMUNITY CENTRE

Per _____
Kerry Bowser

Board of Management for the Eastview Neighbourhood Community Centre

Year End: December 31, 2013

Adjustments

Rev. 10/10/01

Date: 01/01/2013 To 31/12/2013

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	31/12/2013	Acc Rec City - General	107010-1000	PL1		3,520.59			
1	31/12/2013	City - Core Admin.	601110-1000	PL1			3,520.59		
		To record admin deficit receivable from the City							
2	31/12/2013	Accounts Payable City Liabilit	303001-1000	BB6			-78,319.15		
2	31/12/2013	Adm Salaries - Full time	711000-1000	BB6			-16,729.63		
2	31/12/2013	Contract obligation	711020-1000	BB6		76,347.83			
2	31/12/2013	Adm Benefit Package ER	721030-1000	BB6			-2,240.22		
2	31/12/2013	Contract obligation	729999-1000	BB6		24,941.17			
2	31/12/2013	Adm PofS	765100-1000	BB6			-4,000.00		
		To accrue for contract obligation at YE							
3	31/12/2013	A/R - City contract obligation	107012-1000	BB6		78,319.15			
3	31/12/2013	Recovery of contract obligation from the City	601110-1000-01	BB6			-78,319.15		
		To setup contract obligation receivable from the City							
4	31/12/2013	Deferred Revenue - Prog	504000-1500	HH1		8,194.00			
4	31/12/2013	Prov Health - SR	601418-4000	HH1			-8,194.00		
		To recognize total funding from MOHLTC for 2012/13 (Jan-Mar) and 2013/14 (Apr-Dec)							
5	31/12/2013	Bank - Bingo	103010-1000				-367.25		
5	31/12/2013	Bank - Bingo	103010-1000				-160.00		
5	31/12/2013	Bingo Fund	502020-1500			527.25			
5	31/12/2013	FundRaising, BINGO	607100-7001				-527.25		
5	31/12/2013	Prg Child pols	865250-2030			367.25			
5	31/12/2013	Computer Prg - P OF S	865250-2096			160.00			
		PBC - late entry from client - Dec 2013 Bingo A/C adj							
B	31/12/2013	Deferred Revenue - Prog	504000-1500			877.56			
B	31/12/2013	Prov Health - SR	601418-4000				-877.56		
						193,254.80	-193,254.80		
		Net Income (Loss)					23,023.64		

Prepared by Reviewed by Reviewed by Reviewed by

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Board of Management for the Eastview Neighbourhood Community Centre

Period ending: December 31, 2013

Summary of unadjusted errors

Rev. 2012-1

Preliminary overall materiality is \$31,000; Final overall materiality is \$31,000.

All misstatements over \$1,240 are to be recorded on this summary. Misstatements below this threshold are considered trivial.

The tax rate used in this schedule is nil%.

Description of Possible Misstatement	WP Ref.	INCOME STATEMENT Overstated or (Understated)			BALANCE SHEET Overstated or (Understated)			F/S Disclosures	Corrected?
		Identified Mis-statement	Likely Aggregate Mis-statement	Likely Aggregate Mis-statement After Tax	Assets	Liabilities	Closing Equity		
2014 grant received in Dec 2013	132				(15,000)	15,000)			No
Race for Kids 2013 (Program)	C2	(5,580)	(5,580)	(5,580)	(5,580)		(5,580)		No
Accrued CPP, EI & tax payments relating to accrued wages (\$819 admin and \$705 program)	BB2	1,524	1,524	1,524		(1,524)	1,524		No
Overstated deficit and AR- City of Toronto			(819)	(819)	(819)		(819)		No
Total			(4,875)	(4,875)	(21,399)	(16,524)	(4,875)		
Effect of Unadjusted Errors From Prior Years									
Aggregate Likely Misstatements			(4,875)	(4,875)	(21,399)	(16,524)	(4,875)		
Further Possible Misstatements									
Maximum Possible Misstatements			(4,875)	(4,875)	(21,399)	(16,524)	(4,875)		
Corrected Misstatements									
Uncorrected Misstatements			(4,875)	(4,875)	(21,399)	(16,524)	(4,875)		
Materiality			31,000	31,000	31,000	31,000	31,000	31,000	
Margin Remaining For Further Possible Misstatements			26,125	26,125	9,601	14,476	26,125	31,000	

Prepared by	Reviewed by	Reviewed by	Reviewed by
KPR 15/04/2014		BH 21/04/2014	GI 24/04/2014

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