FINANCIAL STATEMENTS

For

BOARD OF MANAGEMENT FOR THE SWANSEA TOWN HALL COMMUNITY CENTRE

For the year ended

DECEMBER 31, 2013

Welch LLP

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

CITY OF TORONTO AND THE BOARD OF MANAGEMENT FOR THE SWANSEA TOWN HALL COMMUNITY CENTRE

We have audited the accompanying financial statements of the Board of Management for the Swansea Town Hall Community Centre, which comprise the statement of financial position as at December 31, 2013, the statements of operations and 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 donations and fundraising, net revenue over expenses, assets and net assets.

Note 2 to the financial statements explains the Centre's policy for accounting for capital assets. The note indicates that capital assets are expensed as acquired rather than being recognized as a capital asset upon acquisition. This presentation is permitted only if the average annual revenues recognized in the statement of operations for the current and preceding period is less than $500,000. In this respect the financial statements are not in accordance with Canadian public sector accounting standards for government not-for-profit organizations .

Qualified Opinion

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly the financial position of the Board of Management for the Swansea Town Hall 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 Swansea Town Hall Community Centre for the year ended December 31, 2012 were audited by another auditor who expressed a qualified opinion on those statements on April 25, 2013 for the reasons described in the Basis for Qualified Opinion paragraph.

Welch LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
March 27, 2014.

BOARD OF MANAGEMENT FOR THE SWANSEA TOWN HALL COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	$ 118,544	$ 92,077
Accounts receivable - City of Toronto (note 6)	539	594
Accounts receivable - Other	1,018	995
Inventories	370	350
	120,471	94,016
ACCOUNTS RECEIVABLE - CITY OF TORONTO (note 4)	100,998	98,126
	$ 221,469	$ 192,142
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities - City of Toronto (note 6)	$ 1,012	$ 677
Accounts payable and accrued liabilities - Other	90,730	71,278
	91,742	71,955
POST-EMPLOYMENT BENEFITS PAYABLE (note 4)	100,998	98,126
	192,740	170,081
PROGRAM DEVELOPMENT RESERVE (note 5)	28,729	22,061
NET ASSETS	-	-
	$ 221,469	$ 192,142

Approved by the Board:

.... Chair

.... Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE SWANSEA TOWN HALL COMMUNITY CENTRE

STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED DECEMBER 31, 2013

	Program	Administration	2013	2012
Revenue				
Funds provided by the City of Toronto	$ -	$ 269,279	$ 269,279	$ 260,511
Rental	-	256,254	256,254	241,750
Photocopier	-	1,100	1,100	1,264
Donations and fundraising	1,839	-	1,839	577
Event fees	1,690	-	1,690	650
Other income	5,492	-	5,492	6,837
	9,021	526,633	535,654	511,589
Expenses				
Salaries and wages	-	306,623	306,623	306,733
Employee benefits	-	71,828	71,828	76,958
Materials and supplies	-	64,501	64,501	50,151
Purchased services	-	83,681	83,681	69,683
Other	2,353	-	2,353	2,512
	2,353	526,633	528,986	506,037
Net revenue over expenses	6,668	-	6,668	5,552
Net assets, beginning of year	-	-	-	-
Transfer to Program Development Reserve (note 5)	(6,668)	-	(6,668)	(5,552)
Net assets, end of year	$ -	$ -	$ -	$ -

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE SWANSEA TOWN HALL COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue over expenses	$ 6,668	$ 5,552
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto	55	(594)
Accounts receivable - Other	(23)	1,567
Inventories	(20)	(74)
Long term account receivable - City of Toronto	(2,872)	(7,439)
Accounts payable and accrued liabilities - City of Toronto	335	(227)
Accounts payable and accrued liabilities - Other	19,452	29,449
Post-employment benefits payable	2,872	7,439
Cash flows from operating activities	26,467	35,673
INCREASE IN CASH	26,467	35,673
CASH AT BEGINNING OF YEAR	92,077	56,404
CASH AT END OF YEAR	$ 118,544	$ 92,077

(See accompanying notes)

1. NATURE OF OPERATIONS

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 - 0448 dated June 26, 1995 to reflect Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established part of the premises at 95 Lavinia Avenue, as a community recreation centre under the authority of the Municipal Act, known as Swansea Town Hall Community Centre (the "Centre"). The Centre is a not-for-profit organization and, as such, is exempt from income tax.

The Municipal Code provides for a Council appointed Board of Management which, among other matters, shall:

(a) endeavour to manage and control the premises in a reasonable and efficient manner, in accordance with standard good business practices, and

(b) pay to the City of Toronto ("City") any excess of administration expenditure funds provided by the City in accordance with its approved annual budget, but may retain any surplus from program activities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations ("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 recorded as part of deferred contributions on the statement of financial position.

Rental and similar revenues are recognized on the date of the performance or event. Amounts received in advance of services being provided are classified as deferred revenue on the statement of financial position.

Cash

Cash includes cash on hand and cash on deposit with financial institutions.

Financial instruments

The Centre initially records 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 and accounts receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Contributed material and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements. In addition, services, such as rent and computer lease costs, provided without charge by the City, are not reported. Monetary donations are recorded as received.

Capital assets

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not reported in these financial statements. Section PS 4230, capital assets held by not-for-profit organizations, allows small organizations, with average annual revenues recognized in the statement of operations for the current and preceding period of less than $500,000, to expense capital assets on acquisition. As noted in the Basis for Qualified Opinion paragraph, the Centre exceeded the revenue threshold in 2013 and continued to apply this policy. During 2013, capital assets expensed totalled $18,839 (2012 - $19,510) and are included in materials and supplies.

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 significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

3. 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.

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 deposited with a Canadian chartered bank earns 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 and accounts receivable. The Centre's cash is deposited with Canadian chartered banks 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 Centre's risk exposures from the prior year.

4. 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 non-union management staff, with ten years of service as of July 1, 2009, unused sick leave accumulates and eligible retirees are entitled to a cash payment when they leave the Centre's employment.

The Centre also provides health, dental, life insurance, accidental death and long-term disability benefits to eligible employees. Depending upon the length of service and an individual's election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 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%

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

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

	2013	2012
Sick leave benefits	$ 37,996	$ 37,157
Post-retirement benefits	46,071	41,337
	84,067	78,494
Add: Unamortized actuarial gain	16,931	19,632
Post-employment benefit liability	$ 100,998	$ 98,126

The continuity of the accrued benefit obligation is as follows:

	2013	2012
Balance, beginning of year	$ 98,126	$ 90,687
Current service cost	2,804	5,140
Interest cost	2,962	3,867
Amortization of actuarial gain	(2,079)	(117)
Expected benefits paid	(815)	(1,451)
Balance, end of year	$ 100,998	$ 98,126

Expenditures relating to employee benefits are included as administration employee benefits on the statement of operations in the amount of $2,872 (2012 - $7,439) and include the following components:

	2013	2012
Current service cost	$ 2,804	$ 5,140
Interest cost	2,962	3,867
Amortization of actuarial gain	(2,079)	(117)
Expected benefits paid	(815)	(1,451)
Total expenditures related to post-retirement and post-employment benefits	$ 2,872	$ 7,439

A long term receivable of $100,998 (2012 - $98,126) 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. The plan is a defined benefit plan, which specifies the amount of 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 $20,822 in 2013 (2012 - $21,429).

The most recent actuarial valuation of the OMERS 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 0.0012% of the plan's total employer contributions. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

5. PROGRAM DEVELOPMENT RESERVE

The Board of Management created a Program Development Program in September 2010. These funds are earmarked for program development. In 2013, the excess of program revenue over expenditures of $6,668 (2012 - $5,552) was transferred to the Program Development Reserve.

6. FUNDS PROVIDED BY THE CITY OF TORONTO - ADMINISTRATION

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

	2013 Budget (unaudited)	2013	2012
Administration expenditure:			
Salaries and wages	$ 314,094	$ 306,623	$ 306,732
Employee benefits	84,300	71,828	76,958
Materials and supplies	52,800	64,501	50,151
Purchased services	155,232	83,681	69,684
	606,426	$ 526,633	$ 503,525
Less: budgeted rental and sundry revenue	339,032		
Budgeted net City funding	$ 267,394		
Centre's actual administration revenue:			
Administration budget		$ 267,394	$ 252,544
Rental and sundry revenue		257,354	243,014
		524,748	495,558
Centre's actual administration expense:			
Administration expenses		526,633	503,525
Adjustments for non-cash items:			
Post-employment benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto		(2,872)	(7,439)
Difference between funding received and budgeted		(25)	11
		523,736	496,097
Administration expenditure under (over) approved budget		$ 1,012	$ (539)

The under expenditure of $1,012 is included in account payable to the City (2012 - over expenditure of $539 is included in account receivable from the City) .

7. 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.

Welch LLP

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REPORT TO THE

BOARD OF MANAGEMENT FOR THE SWANSEA TOWN HALL COMMUNITY CENTRE

For the year ended December 31, 2013

Prepared by:
Bryan Haralovich, Partner
Welch LLP

AUDIT STATUS

Our audit of the financial statements of the Board of Management for the Swansea Town Hall 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
- Receipt of signed confirmation from ING
- Receipt of signed confirmation from actuary
- Subsequent events review
- Second partner review by Welch LLP

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 coincides with the date of our auditors' report.

MISSTATEMENTS

The corrected misstatements identified during our audit are included in Appendix B. Management made all the corrections we proposed and as a result there are no unadjusted errors to report to you.

DEFICIENCIES IN INTERNAL CONTROL

During our audit we identified the following deficiency in internal control:

At present, revenues are being recorded by the Administrative Assistant who also receives payments on occasions, prepares deposit slips, performs physical bank deposits and records the payments in the accounting system. This process has a lack of segregation of duties. We recommend that the payment receiving function be delegated to the caretakers at front desk, the Executive Assistant can prepare the bank deposit slips and the Administrative Assistant can make the physical bank deposits as well as record the receipts in the system.

Management's comments:

Management agrees with the recommendation. In addition, monthly bank reconciliations are also reviewed throughoutly by the Executive Director as a compensating control.

INDEPENDENCE

Annually, Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between Board of Management for the Swansea Town Hall 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. However, we would like to draw your attention to the following policy on capital assets as disclosed in Note 2 of the financial statements:

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not reported in these financial statements. Section PS 4230, capital assets held by not-for-profit organizations, allows small organizations, with average annual revenues recognized in the statement of operations for the current and preceding period of less than $500,000, to expense capital assets on acquisition. As noted in the Basis for Qualified Opinion paragraph, the Centre exceeded the revenue threshold in 2013 and continued to apply this policy. During 2013, capital assets expensed totalled $18,839 (2012 - $19,510) and are included in materials and supplies.

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 SWANSEA TOWN HALL COMMUNITY CENTRE

95 Lavinia Avenue
Toronto, Ontario
M6S 3H9

Date to be determined

Welch LLP
151 Slater Street
12th Floor
Ottawa, ON
K1P 5H3

Dear Sirs:

We are providing this letter in connection with your audit of the financial statements of the Board of Management for the Swansea Town Hall 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 Swansea Town Hall 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, 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 for balances disclosed as long-term.

2. All goods shipped or services rendered prior to the year-end have been recorded as sales of that period except for goods shipped on consignment, on approval or subject to repurchase agreements.

3. Accounts receivable do not include any amount with respect to goods on consignment to others.

4. The accounts receivable are free from hypothecation or assignment except as disclosed in the notes to the financial statements.

5. No abnormal returns have been received since the year-end or are expected to be received, in respect of merchandise shipped prior to the close of business on that date.

6. Notes and accounts receivable represent valid claims relating to transactions made before the end of the fiscal year and do not include any amount relating to goods shipped on consignment. Adequate provision has been made for losses which may be sustained in the collection of receivables.

Inventories

1. The inventories were correctly and properly taken by competent employees under the supervision of management as at the year-end and the quantities were determined by actual count, weight or measurement.

2. The inventory does not include items not paid for and for which the liability had not been taken into account at the year-end.

3. The inventory does not include any goods on consignment from others or goods invoiced to customers.

4. Adequate provision has been made for slow-moving or obsolete inventory that is unfit for sale.

5. The inventories as recorded in the books were the property of the Centre free from all liens and encumbrances.

Capital Assets

1. The Centre has elected to expense any capital assets acquired.

2. Details of the Centre's acquisition of capital assets in the year have been disclosed in the notes to the financial statements.

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 Centre 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 Centre 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 Centre 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 Centre.

5. All claims outstanding against the Centre 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 Centre or its reputation or give rise to a claim or claims against the Centre. 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 Centre 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.

Corporate Minutes

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

Controlled and Related Entities

The organization does not have relationships with any companies or other not-for-profit organizations that involve control, joint control, or significant influence nor does the organization have an economic interest in any other not-for-profit organization.

Related Party Transactions

There have been no exchanges of goods or services with any related parties during the year that require disclosure in the financial statements.

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 Centre 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 Centre, 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. 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 Centre.

Events Subsequent to the Year-end

No facts have been discovered which necessitate material adjustment to the year-end figures.

Yours very truly,

BOARD OF MANAGEMENT FOR THE SWANSEA
TOWN HALL COMMUNITY CENTRE

Per____________________________________

Board of Management for the Swansea Town Hall 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	Reallocation Account	3650	JJ		50.00			
1	31/12/2013	Program Development Surplus	3820	JJ			50.00		
		To move fund from operation to the Program Surplus (as discussed with Ed on Mar 6, 2014)							
2	31/12/2013	Accrued Payroll	2032	BB5		710.00			
2	31/12/2013	Salary & Wages	5101	BB5			710.00		
		To adjust for over-accrual of accrued payroll at Dec 31, 2013							
3	31/12/2013	Accounts Payable City	2036	PLI/BB		50.00			
3	31/12/2013	Accounts Payable City	2036	PLI/BB			710.00		
3	31/12/2013	City Operating Funds Reconciliation	4065	PLI/BB			50.00		
3	31/12/2013	City Operating Funds Reconciliation	4065	PLI/BB		710.00			
		To adjust for over-provision of payable back to the City of Toronto and true up excess of revenue over expense on Administration operation that needs to be returned to the City (as discussed with Ed on Mar 6, 2014)							
						1,520.00	**1,520.00**		

Net Income (Loss) **6,669.58**

Prepared by	Reviewed by	Reviewed by
TKH 07/03/2014		