

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR SCADDING COURT 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 SCADDING COURT COMMUNITY CENTRE

We have audited the accompanying financial statements of the Board of Management for Scadding Court 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Management for Scadding Court 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 Scadding Court Community Centre for the year ended December 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on May 28, 2013.



Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 27, 2014.

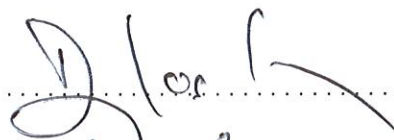
BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 5,218	\$ 3,081
Accounts receivable - City of Toronto (note 8)	3,926	4,230
Accounts receivable - City of Toronto (vacation payable)	38,917	36,989
Accounts receivable - Scadding Court Community Centre, Inc.	97	30,343
Accounts receivable - Other	5,043	9,164
Prepaid expenses	<u>2,806</u>	<u>3,091</u>
	<u>56,007</u>	<u>86,898</u>
ACCOUNTS RECEIVABLE - CITY OF TORONTO (note 6)	447,956	422,205
CAPITAL ASSETS (note 5)	<u>2,613</u>	<u>4,109</u>
	<u>450,569</u>	<u>426,314</u>
	\$ 506,576	\$ 513,212
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities - City of Toronto	\$ 4,414	\$ -
Accounts payable and accrued liabilities - Scadding Court Community Centre, Inc.	3,460	82
Accounts payable and accrued liabilities - Vacation Payable	38,917	36,989
Accounts payable and accrued liabilities - Other	<u>9,216</u>	<u>49,827</u>
	<u>56,007</u>	<u>86,898</u>
DEFERRED CAPITAL CONTRIBUTIONS (note 7)	2,613	4,109
POST-EMPLOYMENT BENEFITS PAYABLE (note 6)	<u>447,956</u>	<u>422,205</u>
	<u>450,569</u>	<u>426,314</u>
NET ASSETS	<u>-</u>	<u>-</u>
	\$ 506,576	\$ 513,212

Approved by the Board:

 Chair

 Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE
STATEMENT OF OPERATIONS AND NET ASSETS
YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
Revenue		
Funds provided by City of Toronto - administration (note 8)	\$ <u>895,760</u>	\$ <u>862,837</u>
Expenses		
Salaries and wages	619,372	610,022
Employee benefits	204,887	185,556
Materials and supplies	40,126	27,000
Purchase of services	31,375	40,259
Amortization of capital assets	1,496	2,452
Amortization of deferred capital contributions	<u>(1,496)</u>	<u>(2,452)</u>
	<u>895,760</u>	<u>862,837</u>
Net revenue over expenses	-	-
Net assets, beginning of year	<u>-</u>	<u>-</u>
Net Assets, end of year	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue over expenses	\$ -	\$ -
Adjustments for:		
Amortization of capital assets	1,496	2,452
Amortization of deferred capital contributions	<u>(1,496)</u>	<u>(2,452)</u>
	-	-
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto	304	(3,506)
Accounts receivable - City of Toronto (vacation payable)	(1,928)	(1,539)
Accounts receivable - Scadding Court Community Centre, Inc.	30,246	(30,261)
Accounts receivable - Other	4,121	(6,063)
Prepaid expenses	285	(1,267)
Accounts payable and accrued liabilities - City of Toronto	4,414	(855)
Accounts payable and accrued liabilities - Scadding Court Community Centre, Inc.	3,378	(5,457)
Accounts payable and accrued liabilities - Vacation Payable	1,928	1,539
Accounts payable and accrued liabilities - Other	(40,611)	8,347
Accounts receivable - City of Toronto	(25,751)	(23,550)
Post-employment benefits payable	<u>25,751</u>	<u>23,550</u>
Cash flows from (used in) operating activities	<u>2,137</u>	<u>(39,062)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	<u>-</u>	<u>(3,267)</u>
Cash flows from investing activities	<u>-</u>	<u>(3,267)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred capital contributions	<u>-</u>	<u>3,267</u>
Cash flows from financing activities	<u>-</u>	<u>3,267</u>
INCREASE IN CASH	2,137	(39,062)
CASH AT BEGINNING OF YEAR	<u>3,081</u>	<u>42,143</u>
CASH AT END OF YEAR	\$ <u>5,218</u>	\$ <u>3,081</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR SCADDING COURT 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 part of the premises at 707 Dundas Street West, Toronto, as a community recreation centre under the Community Recreation Centres Act, known as Scadding Court 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 Committee which, among other matters, shall:

- (a) endeavour to manage and control the premises in a reasonable and efficient manner, in accordance with standard good business practices, and
- (b) pay to the City of Toronto ("the City") any excess of administration expenditure funds provided by the City in accordance with its approved annual budget.

2. FINANCIAL STATEMENTS

The Municipal Code required that the 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. These financial statements reflect the operations of the Centre relating to administration expenditure funded by the City of Toronto. Effective January 1, 2002, separate financial records were established for Scadding Court Community Centre, Inc., a registered charitable organization, and separate financial statements are prepared for its revenue and expenditure from programs.

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. 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.

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 and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

3. **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. 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 post-retirement life, health and dental plan, a long term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Centre recognizes an accrued post-employment 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 SCADDING COURT 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.

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 earns interest at prevailing market rates and the interest rate exposure related to this financial instrument 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 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 Centre's risk exposures from the prior year.

5. CAPITAL ASSETS

Capital assets consist of the following:

	2013		2012	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ -	\$ -	\$ 4,971	\$ 4,971
Furniture and equipment	23,739	21,126	23,739	19,630
	23,739	\$ 21,126	28,710	\$ 24,601
Accumulated amortization	21,126		24,601	
	\$ 2,613		\$ 4,109	

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

6. POST-EMPLOYMENT BENEFITS 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 July 1, 2008, 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, accidental death and disability, life insurance and long term disability benefits to eligible employees. Depending upon 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%

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>
Post-retirement benefits	\$ 294,156	\$ 252,179
Continuation of benefits to disabled employees	100,472	110,489
Income benefits	195,894	220,857
Sick leave benefits	<u>83,259</u>	<u>83,930</u>
	673,781	667,455
Less: Unamortized actuarial loss	<u>(225,825)</u>	<u>(245,250)</u>
Post-employment benefit liability	\$ <u>447,956</u>	\$ <u>422,205</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 422,205	\$ 398,656
Current service cost	14,019	14,279
Interest cost	22,593	20,999
Amortization of actuarial loss	31,811	28,910
Expected benefits paid	<u>(42,672)</u>	<u>(40,639)</u>
Balance, end of year	\$ <u>447,956</u>	\$ <u>422,205</u>

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

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

Expenditures relating to employee benefits are included in administration employee benefits on the statement of operations in the amount of \$25,751 (2012 - \$23,549) and include the following components:

	<u>2013</u>	<u>2012</u>
Current service cost	\$ 14,019	\$ 14,279
Interest cost	22,593	20,999
Amortization of actuarial loss	31,811	28,910
Expected benefits paid	<u>(42,672)</u>	<u>(40,639)</u>
 Total expenditure related to post-retirement and post employment benefits	 <u>\$ 25,751</u>	 <u>\$ 23,549</u>

A long term receivable of \$447,956 (2012 - \$422,205) has resulted from recording as 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 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 \$57,290 (2012 - \$45,837).

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 0.0033% 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.

7. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 4,109	\$ 3,294
Add: Contribution deferred in year for capital assets purchases	-	3,267
Less: Amortization of deferred capital contributions	<u>(1,496)</u>	<u>(2,452)</u>
Balance, end of year	<u>\$ 2,613</u>	<u>\$ 4,109</u>

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

8. FUNDS PROVIDED BY THE CITY OF TORONTO - ADMINISTRATION

Funding for administration expense is provided by the City according to Council approved budgets. Surplus amounts in administration are repayable to the City. Deficits, excluding those for long term employee benefits, are normally to be 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 expenses:			
Salaries and wages	\$ 627,738	\$ 619,372	\$ 610,022
Employee benefits	169,600	204,887	185,556
Materials and supplies	25,500	40,126	27,000
Purchase of services	<u>45,600</u>	<u>31,375</u>	<u>40,259</u>
	<u>\$ 868,438</u>	<u>\$ 895,760</u>	<u>\$ 862,837</u>
 Centre's actual administration revenue:			
Administration budget		<u>\$ 868,438</u>	<u>\$ 838,948</u>
 Centre's actual administration expenses:			
Administration expenses per statement of operations		895,760	862,837
Adjustments for:			
Post retirement benefits, not funded by the City until paid, that is included in long term accounts receivable - City of Toronto		(25,751)	(23,549)
Acquisition of capital assets			3,267
Vacation pay liability, not funded by the City until paid, that are included in accounts receivable - City of Toronto - vacation pay		<u>(1,927)</u>	<u>-</u>
		<u>868,082</u>	<u>842,555</u>
 Administration expenses (over) under approved budget		<u>\$ (356)</u>	<u>\$ 3,607</u>

The under (over) expenditure of \$356 (2012 - \$(3,607)) is included in the accounts payable (2012 - accounts receivable) to the City of Toronto.

BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2013

9. CONTROLLED NOT-FOR-PROFIT

The Centre controls Scadding Court Community Centre Incorporated (the "Charity"), a charitable organization. The Charity runs the Centre's programs. The Charity is incorporated without share capital under the name Scadding Court Community Centre Incorporated and is a registered charity under the Income Tax Act. The Centre provides all administrative resources to the Charity and the Charity operates to assist the Centre in achieving its mandates.

The Charity has not been consolidated in the Centre's financial statements. Financial summaries of the Charity as at December 31, 2013 and 2012 and for the years then ended are as follows:

Financial Position

	<u>2013</u>	<u>2012</u>
Total assets	\$ <u>1,154,862</u>	\$ <u>1,172,946</u>
Total liabilities	\$ 613,432	\$ 632,972
Total net assets	<u>541,430</u>	<u>539,974</u>
	\$ <u>1,154,862</u>	\$ <u>1,172,946</u>

Results of Operations

	<u>2013</u>	<u>2012</u>
Total revenues	\$ 1,449,880	\$ 1,537,014
Total expenses	<u>1,448,424</u>	<u>1,536,432</u>
Excess revenue over expenses	\$ <u>1,456</u>	\$ <u>582</u>

Cash Flows

	<u>2013</u>	<u>2012</u>
Cash from operations	\$ (14,798)	\$ 129,289
Cash used in investing activities	<u>(98,733)</u>	<u>(19,006)</u>
Increase in cash	\$ <u>(113,531)</u>	\$ <u>110,283</u>

REPORT TO THE

**BOARD OF MANAGEMENT FOR
SCADDING COURT
COMMUNITY CENTRE**

For the year ended December 31, 2013

Prepared by:
Welch LLP

AUDIT STATUS

Our audit of the financial statements of the Board of Management for Scadding Court 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
- File review by a 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 misstatements identified during our audit are included in Appendix A. 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 did not identify any significant deficiencies in internal control to report to the Board of Management for Scadding Court Community Centre.

INDEPENDENCE

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Board of Management for Scadding Court 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 SCADDING COURT
COMMUNITY CENTRE**

707 Dundas Street West
Toronto, Ontario
M5T 2E6

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 the Board of Management for Scadding Court 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 the Board of Management for Scadding Court 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 23, 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 as disclosed as long-term.
2. The accounts receivable are free from hypothecation or assignment except as disclosed in the notes to the financial statements.
3. Adequate allowance has been made for any losses from uncollectible accounts.
4. 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.

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.
6. The organization has not acquired any capital assets in the year.

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 statement of financial position.
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

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.

Corporate Minutes

The minute books of the organization contain an accurate record of all of the business transacted at meetings of the Board of Management 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

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 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 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. 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 SCADDING
COURT COMMUNITY CENTRE

Per _____
Kevin Lee, Executive Director

Board of Management for Scadding Court 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	Amortization of capital assets	769600-1510	K1		1,496.00			
1	31/12/2013	Amortization of deferred capital contribution	769700-1510	K1			1,496.00		
To record amortization of capital assets and amortization of deferred capital contributions									
2	31/12/2013	Vacation expenses	WELCH 1			1,927.43			
2	31/12/2013	City Non Cash Operating Revenue	601101-1510				1,927.43		
To record accrued vacation expenses/revenue at gross									
						3,423.43	3,423.43		

Net Income (Loss) 0.00

DRAFT

For Discussion Purposes Only

Prepared by	Reviewed by	Reviewed by	Reviewed by
AZ 22/04/2014			