The balance sheet of this copy of the financial statements should be signed by the director(s) whose name(s) have been printed on the other copies and this copy should then be returned to Welch LLP for their records.

FINANCIAL STATEMENTS

For

BOARD OF MANAGEMENT FOR THE RALPH THORNTON 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 THE BOARD OF MANAGEMENT FOR THE RALPH THORNTON COMMUNITY CENTRE

We have audited the accompanying financial statements of the Board of Management for the Ralph Thornton 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 donations, net revenue 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 Ralph Thornton 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 Ralph Thornton Community Centre for the year ended December 31, 2012, were audited by another auditor who expressed a qualified opinion on those statements on June 26, 2013, for the reasons described in the Basis for Qualified Opinion paragraph.

Welch LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 28, 2014.

BOARD OF MANAGEMENT FOR THE RALPH THORNTON COMMUNITY CENTRE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	$ 255,359	$ 181,242
Accounts receivable - City of Toronto	18,304	18,304
Accounts receivable - Other	16,396	18,386
Prepaid expenses	2,000	3,018
	292,059	220,950
ACCOUNTS RECEIVABLE - CITY OF TORONTO (note 7)	122,267	152,171
CAPITAL ASSETS (note 4)	29,792	39,085
	$ 444,118	$ 412,206
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payables and accrued liabilities - City of Toronto	$ 2,589	$ 138
Accounts payable and accrued liabilities - Other	53,637	56,331
Deferred contributions (note 5)	138,631	89,258
Deferred capital contribution (note 6)	26,206	35,749
	221,063	181,476
POST-EMPLOYMENT BENEFITS PAYABLE (note 7)	122,267	152,171
	343,330	333,647
NET ASSETS		
Invested in capital assets	3,586	3,336
Unrestricted	97,202	75,223
	100,788	78,559
	$ 444,118	$ 412,206

Approved by the Board:

.... Chair

.... Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE RALPH THORNTON COMMUNITY CENTRE

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2013

	Invested in Capital assets	Unrestricted	Total 2013	Total 2012
Net assets, beginning of year	$ 3,336	$ 75,223	$ 78,559	$ 63,489
Net revenue over expenses	-	22,229	22,229	15,070
Purchase of program capital assets	1,150	(1,150)	-	-
Amortization of capital assets	(10,443)	10,443	-	-
Amortization of deferred capital contributions	9,543	(9,543)	-	-
Net assets, end of year	$ 3,586	$ 97,202	$ 100,788	$ 78,559

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE RALPH THORNTON COMMUNITY CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	Program	Administration	2013	2012
Revenue				
Grants				
City of Toronto	$ 32,180	$ 614,622	$ 646,802	$ 698,248
Province of Ontario	-	-	-	75,905
Government of Canada (note)	-	-	-	7,102
Foundations	32,120	-	32,120	49,283
Other	53,320	-	53,320	56,417
	117,620	614,622	732,242	886,955
Donations	4,834	-	4,834	9,615
Fundraising	-	-	-	1,230
Rental income	20,736	39,364	60,100	56,950
User fees	2,838	-	2,838	2,034
Other revenue	-	-	-	6
	146,028	653,986	800,014	956,790
Salaries and wages	90,897	411,592	502,489	636,449
Employee benefits	13,813	64,785	78,598	145,958
Materials and supplies	6,350	60,000	66,350	41,347
Purchase of services	11,839	117,609	129,448	116,960
Amortization of capital assets	9,110	1,333	10,443	10,078
Amortization of deferred capital contributions	(8,210)	(1,333)	(9,543)	(9,072)
	123,799	653,986	777,785	941,720
Net revenues over expenses	$ 22,229	$ -	$ 22,229	$ 15,070

(See accompanying notes)

BOARD OF MANAGEMENT FOR THE RALPH THORNTON COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue over expenses	$ 22,229	$ 15,072
Adjustments for:		
Amortization of capital assets	10,443	10,078
Amortization of deferred capital contributions	(9,543)	(9,072)
	23,129	16,078
Changes in non-cash working capital components:		
Accounts receivable - City of Toronto	-	31,022
Accounts receivable - Other	1,990	7,271
Prepaid expenses	1,018	(328)
Long term account receivable - City of Toronto	29,904	6,410
Accounts payables and accrued liabilities - City of Toronto	2,451	(3,660)
Accounts payable and accrued liabilities - Other	(2,694)	(24,224)
Deferred capital contributions	49,373	57,241
Post-employment benefits payable	(29,904)	(6,410)
Cash flows from operating activities	75,267	83,400
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets - Program	(1,150)	(2,580)
Cash flows used in investing activities	(1,150)	(2,580)
INCREASE IN CASH	74,117	80,820
CASH AT BEGINNING OF YEAR	181,242	100,422
CASH AT END OF YEAR	$ 255,359	$ 181,242

(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 No. 765 Queen Street East, Toronto, as a community recreation centre under the authority of the Municipal Act, known as Ralph Thornton Community Centre (the "Centre"). The City purchased the property March 2004. 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 (the "City") any excess of administration expenditure funds provided by the City in accordance with its approved annual budget, but may retain any surplus from program activities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canada 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.

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.

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.

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2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

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
Kitchen improvements	- 10 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 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.

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 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.

4. CAPITAL ASSETS

Capital assets consist of the following:

	2013		2012	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Program				
Building and kitchen improvements	$ 82,100	$ 56,928	$ 82,100	$ 48,718
Computer hardware	39,710	38,943	38,560	38,560
Furniture, fixtures and equipment	17,068	14,248	17,068	13,731
	138,878	110,119	137,728	101,009
Administrative				
Furniture, fixtures and equipment	10,338	9,305	10,338	7,972
	149,216	$ 119,424	148,066	$ 108,981
Accumulated amortization	119,424		108,981	
	$ 29,792		$ 39,085	

5. DEFERRED CONTRIBUTIONS

	2013	2012
Balance, beginning of year	$ 89,258	$ 80,183
Add: Funds received	166,993	270,532
Less: Amounts recognized as revenue	(117,620)	(261,457)
Balance, end of year	$ 138,631	$ 89,258

6. DEFERRED CAPITAL CONTRIBUTION

Contributions relating to the renovation of the kitchen, a program asset, are being deferred and amortized over the life of the asset (10 years). Funds from the City of Toronto related to the purchase of administrative capital assets are also being deferred over the life of the assets (5 years). The deferred capital contribution balances related to program capital assets and administration capital assets are $25,172 and $1,032 respectively.

	2013	2012
Balance, beginning of year	$ 35,749	$ 44,821
Less: Amortization of deferred capital contributions	(9,543)	(9,072)
Balance, end of year	$ 26,206	$ 35,749

7. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCE LIABILITY

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%

7. **POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCE LIABILITY** - Cont'd.

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

	2013	2012
Income benefits	$ 53,456	$ 71,584
Continuation of benefits to disabled employees	-	10,935
Sick leave benefits	7,240	8,141
Post-retirement benefits	51,003	48,845
	111,699	139,505
Add: Unamortized actuarial gain	10,568	12,666
Post-employment benefit liability	$ 122,267	$ 152,171

The continuity of the accrued benefit obligation is as follows:

	2013	2012
Balance, beginning of year	$ 152,171	$ 158,581
Current service cost	3,832	12,203
Interest cost	4,191	10,694
Amortization of actuarial (gain) loss	(171)	10,135
Expected benefits paid	(37,756)	(39,442)
Balance, end of year	$ 122,267	$ 152,171

Expenditures relating to employee benefits are included in administration employee benefits on the statement of operations in the amount of $29,904 (2012 - $6,410) and include the following components:

	2013	2012
Current service cost	$ 3,832	$ 12,203
Interest cost	4,191	10,694
Amortization of actuarial (gain) loss	(171)	10,135
Expected benefits paid	(37,756)	(39,442)
Total expenditures related to post-retirement and post-employment benefits	$ (29,904)	$ (6,410)

A long term receivable of $122,267 (2012 - $152,171) 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 management and union employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rates of pay. Employer contributions to this pension plan amounted to $30,078 in 2013 (2012 - $34,060).

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 Arena's contributions accounted for 0.0017% of the plan's total employer contributions. Additional contributions, if any, required to address the Arena's proportionate share of the deficit will be expensed during the period incurred.

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 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
Budgeted administration expenditure:			
Salaries and Wages	$ 439,612	$ 411,592	$ 440,510
Employee Benefits	131,440	64,785	117,542
Materials and supplies	72,400	60,000	24,571
Purchase of services	42,933	117,609	90,449
	686,385	653,986	673,072
Less: rental revenue	(39,400)	(39,364)	(39,364)
	$ 646,985	$ 614,622	$ 633,708
Centre's actual administration revenue:			
Administration budget		$ 646,985	$ 621,814
Rental revenue		39,364	39,364
		686,349	661,178
Centre's actual administration expenses:			
Administration expenses		653,986	673,072
Adjustments for:			
Post-employment benefits, not funded by the City until paid, that are included in long term accounts receivable - City of Toronto		29,904	6,410
Difference between funding received and budgeted		8	-
		683,898	679,482
Administration expenditure (over) under approved budget		$ 2,451	$ (18,304)

The under expenditure of $2,451 is included in the accounts payable to the City and the over expenditure from 2012 of $18,304 is included in account receivable from the City.

9. LEASE COMMITMENTS

The minimum operating lease payments required for the Centre are as follows:

2014	$ 2,400
2015	2,400
2016	2,400
2017	1,200

10. COMPARATIVE FIGURES

Comparative figures were 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 RALPH THORNTON 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 the Ralph Thornton 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 bank confirmation
- Second partner review by Welch LLP
- Subsequent events review
- Approval by the Board of the draft financial statements

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 that coincides 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 and the Board correct all the misstatements that we present to them.

The uncorrected misstatements identified are as follows: $3,502 of vacation outstanding was not recorded at year end. Management has decided not to adjust the financial statements for this item due to the small dollar value involved. $4,273 of a wage adjustment receivable, which is the maximum amount the Centre is likely to receive, from employees who were overpaid during the current and prior years. Management has decided not to adjust the financial statements for this item due to the small dollar value involved. We agree with management's decision.

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

DEFICIENCIES IN INTERNAL CONTROL

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

During the year there were staffing changes in the management of the Centre and as a result there were inconsistencies in the application of certain controls, specifically the review and approval of timesheets by management and the filing of legal documents. During our audit we noted that timesheets were not being approved consistently throughout the year and that management was not able to locate lease agreements which were in place during the year.

INDEPENDENCE

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between Board of Management for the Ralph Thornton 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 outline in the Role 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 RALPH THORNTON COMMUNITY CENTRE

765 Queen Street East
Toronto, Ontario
M4M 1H3

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 the Ralph Thornton 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 the Ralph Thornton Community Centre in accordance with Canadian public 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 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 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.

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.

Liabilities and Commitments - Cont'd.

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 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. 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 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 RALPH
THORNTON COMMUNITY CENTRE

Per____
Executive Director

Board of Management for the Ralph Thornton Community Centre

Period ending: December 31, 2013
Summary of unadjusted errors
Rev. 2012-1

Preliminary overall materiality is $17,000; Final overall materiality is $17,000.
All misstatements over $680 are to be recorded on this summary. Misstatements below this threshold are considered trivial.
The tax rate used in this schedule is nil%.

		INCOME STATEMENT Overstated or (Understated)			BALANCE SHEET Overstated or (Understated)				
Description of Possible Misstatement	**WP Ref.**	**Identified Mis-statement**	**Likely Aggregate Mis-statement**	**Likely Aggregate Mis-statement After Tax**	**Assets**	**Liabilities**	**Closing Equity**	**F/S Disclosures**	**Corr-ected?**
Vacation not accrued	BB5	3,502	3,502	3,502		(3,502)	3,502		No
Maximum adjustment related to wage adjustments effective 2014	PL8	(4,273)	(4,273)	(4,273)	(4,273)		(4,273)		No
Total			(771)	(771)	(4,273)	(3,502)	(771)		
Effect of Unadjusted Errors From Prior Years									
Aggregate Likely Misstatements			(771)	(771)	(4,273)	(3,502)	(771)		
Further Possible Misstatements									
Maximum Possible Misstatements			(771)	(771)	(4,273)	(3,502)	(771)		
Corrected Misstatements									
Uncorrected Misstatements			(771)	(771)	(4,273)	(3,502)	(771)		
Materiality			17,000	17,000	17,000	17,000	17,000	17,000	
Margin Remaining For Further Possible Misstatements			16,229	16,229	12,727	13,498	16,229	17,000	

Prepared by	Reviewed by	Reviewed by
KPR 21/03/2014		BH 23/04/2014

Document is up to date

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Board of Management for the Ralph Thornton Community Centre

Period ending: December 31, 2013
Summary of unadjusted errors
Rev. 2012-1

Preliminary overall materiality is $\underline{\$17{,}000}$; Final overall materiality is $\underline{\$17{,}000}$.
All misstatements over $\underline{\$680}$ are to be recorded on this summary. Misstatements below this threshold are considered trivial.
The tax rate used in this schedule is nil%.

		INCOME STATEMENT Overstated or (Understated)			BALANCE SHEET Overstated or (Understated)				
Description of Possible Misstatement	**WP Ref.**	**Identified Mis-statement**	**Likely Aggregate Mis-statement**	**Likely Aggregate Mis-statement After Tax**	**Assets**	**Liabilities**	**Closing Equity**	**F/S Disclosures**	**Corr-ected?**
Vacation not accrued	BB5	3,502	3,502	3,502		(3,502)	3,502		No
Maximum adjustment related to wage adjustments effective 2014	PL8	(4,273)	(4,273)	(4,273)	(4,273)		(4,273)		No
Total			(771)	(771)	(4,273)	(3,502)	(771)		
Effect of Unadjusted Errors From Prior Years									
Aggregate Likely Misstatements			(771)	(771)	(4,273)	(3,502)	(771)		
Further Possible Misstatements									
Maximum Possible Misstatements			(771)	(771)	(4,273)	(3,502)	(771)		
Corrected Misstatements									
Uncorrected Misstatements			(771)	(771)	(4,273)	(3,502)	(771)		
Materiality			17,000	17,000	17,000	17,000	17,000	17,000	
Margin Remaining For Further Possible Misstatements			16,229	16,229	12,727	13,498	16,229	17,000	

Prepared by	Reviewed by	Reviewed by
KPR 21/03/2014		BH 23/04/2014

Document is up to date

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Board of Management for the Ralph Thornton 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	Deferred capital contribution: Accum Depriec- d	2801	HH2		9,543.10			
1	31/12/2013	Materials and Supplies: Depreciation- deferred	8470	HH2			9,543.10		
		To record amortization of deferred capital contributions for 2013							
2	31/12/2013	A/P City of Toronto	2030	C5			2,451.00		
2	31/12/2013	City of Toronto:6221 Admin	6221	C5		2,451.00			
		To record 2013 deficit receivable from the City of Toronto							
3	31/12/2013	Accrued Expenses	2010	BB2-2			6,667.15		
3	31/12/2013	Wages: Program wages under 39	7010	BB2-2		822.37			
3	31/12/2013	Wages: Full time Admin	7110	BB2-2		2,870.98			
3	31/12/2013	Benefits: OMERS Expense	7340	BB2-2		1,460.27			
3	31/12/2013	Purchase of Services: Hydro	8050	BB2-2		727.47			
3	31/12/2013	Purchase of Services: Gas	8075	BB2-2		786.06			
		To accrue expenses for 2013							
4	31/12/2013	LT Benefit Payable	2840			29,904.00			
4	31/12/2013	Benefits: Admin. Benefits	7364				29,904.00		
		Process employment benefits journal as per GG1 (a)							
5	31/12/2013	LT Benefit Receivable	1700				29,904.00		
5	31/12/2013	City of Toronto:6221 Admin	6221			29,904.00			
		Process employment benefits journal as per GG1 (b)							
6	31/12/2013	Accounts Rec-City of Toronto	1105	C5		3,548.00			
6	31/12/2013	Purchase of Services: Administrative Expenses	8070	C5			3,548.00		
		To adjust 2012 audit adjustment expensing 2011 deficit receivable							
7	31/12/2013	Accrued Expenses	2010				1,035.17		
7	31/12/2013	Benefits: CPP Expense Full Tme Management	7210			992.21			
7	31/12/2013	Benefits: CPP Expense Part time under 18	7220			42.96			
		Adjustment to CPP and EI as per client ($992.21 CORE and $42.96 Summer program)							
8	31/12/2013	Accounts Rec-City of Toronto	1105				3,548.00		
8	31/12/2013	Fundraising	6010			3,548.00			
		To re-allocate 2011 deficit funding from fundraising revenue to AR - City of Toronto							
9	31/12/2013	Building & Kitchen Improvements: Depreciation	1502	K1			8,210.00		
9	31/12/2013	Computers: Depreciation	1522	K1			383.33		
9	31/12/2013	Furniture & Equipment: Depreciation	1542	K1			1,849.10		
9	31/12/2013	Materials and Supplies: Depreciation	8465	K1		10,442.43			
		Record 2013 depreciation							
						97,042.85	**97,042.85**		

Net Income (Loss) **22,229.86**