ATTACHMENT 5

Grant Thornton

Financial Statements

Board of Management for the Ralph Thornton Community Centre

December 31, 2023

Contents

Management's Responsibility for the Financial Statements

The financial statements of the Board of Management for the Ralph Thornton Community Centre (the "Centre") are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Centre's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Centre's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Grant Thornton LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Centre's financial statements.

DocuSigned by:
Heather Simpson
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Chair

DocuSigned by:
Lisa Pottie
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Treasurer

Independent Auditor's Report

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To the Council of the Corporation of the Board of Management for the
Ralph Thornton Community Centre

Qualified Opinion

We have audited the accompanying financial statements of Board of Management for the Ralph Thornton Community Centre (the "Centre"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2023 and 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenue from donations and fundraising, 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. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses and cash flows from operations for the year ended December 31, 2023, current assets as at December 31, 2023, and unrestricted net assets as at January 1, 2023 and December 31, 2023. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matters

The financial statements of the Centre for the year ended December 31, 2022, were audited by another auditor who expressed a qualified opinion on those financial statements on May 24, 2023.

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The program income statement on page 18 is presented for the purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Toronto, Canada
May 23, 2024

Chartered Professional Accountants
Licensed Public Accountants

Board of Management for the Ralph Thornton Community Centre
Statement of Financial Position

Year ended December 31	2023	2022
Assets		
Current		
Cash	**$ 74,188**	$ 168,244
Accounts receivable (Note 4)	**37,029**	46,790
Prepaid expenses	**5,787**	3,398
Due from City of Toronto (Note 5)	**157,078**	28,343
	274,082	246,775
Due from City of Toronto (Note 5)	**142,114**	124,534
Tangible capital assets (Note 6)	**32,760**	11,417
	$ 448,956	$ 382,726
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	**$ 143,941**	$ 121,740
Due to City of Toronto (Note 5)	**-**	5,522
Deferred contributions (Note 7)	**24,945**	19,006
	168,886	146,268
Post-employment benefits (Note 9)	**142,114**	124,534
Deferred capital contributions (Note 8)	**7,200**	6,450
	318,200	277,252
Net Assets		
Unrestricted	**84,913**	68,927
Internally restricted - Capital reserves (Note 10)	**3,080**	15,000
Internally restricted - Operating reserves (Note 11)	**17,203**	16,580
Internally restricted - Invested in tangible capital assets (Note 12)	**25,560**	4,967
	130,756	105,474
	$ 448,956	$ 382,726

Commitments (Note 13)

Approved by the Board

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Heather Simpson
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Chair

DocuSigned by:
Lisa Pottie
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Treasurer

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton Community Centre
Statement of Changes in Net Assets
Year ended December 31, 2023

	Unrestricted	Internally Restricted: Capital reserves (Note 10)	Internally Restricted: Operating reserves (Note 11)	Internally Restricted: Invested in Tangible Capital Assets (Note 12)	**Total 2023**	Total 2022
Net assets, beginning of year	$ 68,927	$ 15,000	$ 16,580	$ 4,967	**$ 105,474**	$ 58,972
(Deficiency) excess of revenue over expenses	28,584	-	-	(3,302)	**25,282**	46,502
Interfund transfers (Notes 10, 11 and 12)	11,297	(11,920)	623	-	**-**	-
Net investment in tangible - capital assets	(23,895)	-	-	23,895	**-**	-
Net assets, end of year	$ 84,913	$ 3,080	$ 17,203	$ 25,560	**$ 130,756**	$ 105,474

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton Community Centre
Statement of Operations
Year ended December 31

	Program	Administration	**2023**	2022
Revenue				
Grants				
City of Toronto (Note 5)	$ 111,303	$ 925,518	**$ 1,036,821**	$ 940,454
Government of Canada	43,603	-	**43,603**	77,614
Foundations	10,000	-	**10,000**	10,705
Other	49,649	-	**49,649**	26,562
	214,555	925,518	**1,140,073**	1,055,335
Donations (Note 4)	40,565	-	**40,565**	18,921
Fundraising	2,114	-	**2,114**	16,629
Rental income	23,850	39,364	**63,214**	59,512
User fees	153,948	-	**153,948**	137,404
Other	4,354	-	**4,354**	1,991
	439,386	964,882	**1,404,268**	1,289,792
Expenses				
Salaries and wages	260,683	595,439	**856,122**	815,707
Employee benefits	47,295	179,472	**226,767**	210,098
Materials and supplies	6,442	85,292	**91,734**	76,731
Purchase of services	95,632	104,679	**200,311**	139,411
Amortization of tangible capital assets	4,052	-	**4,052**	1,343
	414,104	964,882	**1,378,986**	1,243,290
Excess of revenue over expenses	$ 25,282	$ -	**$ 25,282**	$ 46,502

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton Community Centre
Statement of Cash Flows

Year ended December 31	2023	2022
Increase (decrease) in cash		
Operating		
Excess of revenue over expenses	**$ 25,282**	$ 46,502
Adjustments for:		
Amortization of tangible capital assets	**4,052**	1,343
Amortization of deferred capital contributions	**(750)**	(750)
Post-employment benefits	**17,580**	18,853
	46,164	65,948
Changes in non-cash working capital components:		
Due from City of Toronto	**(128,735)**	5,555
Accounts receivable	**9,761**	4,855
Prepaid expenses	**(2,389)**	1,978
Due to City of Toronto	**(5,522)**	(102,155)
Accounts payable and accrued liabilities	**22,201**	(4,382)
Deferred contributions	**5,939**	(13,568)
Repayable to funders	**-**	(24,787)
	(52,581)	(66,556)
Investing activities		
Purchase of tangible capital assets	**(25,395)**	-
Financing activities		
Long-term amount due from City of Toronto	**(17,580)**	(18,853)
Capital contribution received	**1,500**	1,500
	(16,080)	(17,353)
Decrease in cash	**(94,056)**	(83,909)
Cash, beginning of year	**168,244**	252,153
Cash, end of year	**$ 74,188**	$ 168,244

See accompanying notes to the financial statements.

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 center under the authority of the Municipal Act, known as Ralph Thornton Community Centre (the "Centre"). The City purchased the property in 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 Canadian public sector accounting standards for government not-for-profit organizations ("PSAS-GNPO"), including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

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 tangible capital assets are deferred and amortized over the life of the related tangible capital assets. Externally restricted contributions for tangible capital assets that have not been expended are recorded as part of deferred capital contributions 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, accounts receivable and due from City of Toronto. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to City of Toronto.

2. Significant accounting policies (continued)

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.

Tangible capital assets

Tangible capital assets are recorded at cost and contributed tangible 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:

Building and kitchen improvements	- 10 years straight line
Computer hardware	- 3 years straight line
Furniture, fixtures 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 multi-employer 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 multi-employer 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 accordance with PSAS-GNPO 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. Change in accounting policies

Effective January 1, 2023, the Centre adopted new Public Sector Accounting Standards Sections PS3450 *Financial Instruments* and PS1201 *Financial Statement Presentation* along with related amendments. New Section PS3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, liabilities, or both on a fair value basis.

The measurement requirements were applied prospectively. There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a statement of remeasurement gains or losses.

4. Related party balance and transactions

The Centre has an economic interest in the Ralph Thornton Community Organization (the "Organization") given that the Organization solicits funds in the name of the Centre. The Centre and the Organization signed a Memorandum of Understanding ("MOU") outlining this relationship. The most recent MOU will expire on December 31, 2024 and was approved in 2023.

During the year, $30,069 (2022 - $17,751) of donations and $9,095 (2022 - $11,235) of fundraising from the Organization was recognized as revenue on the statement of operations. Included in accounts receivable is $26,826 (2022 - $28,986) due from the Organization. The Centre provides on-going administrative support to the Organization at no cost.

5. 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.

	2023 Budget (unaudited)	**2023**	2022
Budgeted administration expenses:			
Salaries and wages	$ 532,744	**$ 598,911**	$ 580,516
Employee benefits	146,189	**161,892**	168,134
Materials and supplies	90,739	**79,265**	65,590
Purchase of services	76,488	**83,519**	67,665
	846,160	**923,587**	881,905
Less: rental revenue	(39,400)	**(39,364)**	(39,364)
	$ 806,760	**$ 884,223**	$ 842,541
Centre's actual administration revenue:			
Administration budget		**$ 806,760**	$ 801,692
Rental revenue and other		**39,364**	39,364
		$ 846,124	$ 841,056

5. Funds provided by the City of Toronto – Administration (continued)

	2023	2022
Centre's actual administration expenses:		
Administration expenses	**$ 964,882**	$ 881,905
Adjustments for:		
Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto	**(17,580)**	(18,854)
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto	**(4,899)**	5,555
	942,403	868,606
Administration expenses under approved budget	**$ (96,279)**	$ (27,550)

The due (to) from City of Toronto balance is comprised of:

	2023	2022
2016 surplus payable	**$ 8**	$ 8
2021 surplus payable	**-**	(33,080)
2022 deficit recoverable	**27,550**	27,550
2023 deficit recoverable	**96,279**	-
	123,837	(5,522)
Vacation pay	**33,241**	28,343
	$ 157,078	$ 22,821

6. Tangible capital assets

Tangible capital assets consist of the following:

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Building and kitchen improvements	$ 120,926	$ 88,166	**$ 32,760**	$ 11,417
Computer hardware	39,710	39,710	**-**	-
Furniture, fixtures and equipment	27,016	27,016	**-**	-
	$ 187,652	$ 154,892	**$ 32,760**	$ 11,417

7. Deferred contributions

Deferred contributions consist of the unexpended portion of restricted grants and contributions.

Deferred contributions are comprised of the following:

	2023	2022
Balance, beginning of year	**$ 19,006**	$ 32,574
Add: contributions received	**220,494**	174,439
Less: contributions recognized as revenue	**(214,555)**	(212,794)
Add: contributions no longer payable	**-**	24,787
Balance, end of year	**$ 24,945**	$ 19,006

The year-end balances are made up as follows:

	2023	2022
Wells Fargo Literacy Program	**$ 6,012**	$ 6,012
Toronto Urban Health Fund	**8,860**	-
HRSDC New Horizons	**10,073**	-
Toronto Rivertowne	**-**	10,787
TCHC Rivertown	**-**	2,207
	$ 24,945	$ 19,006

8. Deferred capital contributions

Deferred capital contributions are contributions that were received relating to capital assets and consist of the following:

	2023	2022
Balance, beginning of year	**$ 6,450**	$ 5,700
Add: capital contributions received	**1,500**	1,500
Less: amortization recognized as revenue	**(750)**	(750)
Balance, end of year	**$ 7,200**	$ 6,450

9. Post-employment benefits liability and long-term account receivable

The Centre participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its employees. Under the sick leave plan for management staff with ten years of service as of April 1, 2003, unused sick leave accumulated until March 1, 2008 and eligible employees may be entitled to a cash payment upon leaving the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and could be taken in cash by the employee upon termination, retirement or death. This sick bank plan was replaced by a Short-Term Disability Plan (STD) effective March 1, 2008, for all non-union employees of the City of Toronto. Upon the effective date, individual sick banks were locked with no further accumulation. Grandfathered management staff remains entitled to payout of frozen, banked time, as described above. Under the new STD, management employees are entitled to 130 days annual coverage with salary protection at 100 or 75 percent, depending upon years of service. Non-management employees continue to receive sick bank time as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

The Centre also provides health, dental, 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, 2021 with projections to December 31, 2023. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2.0%
- assumed health care cost trends - range from 3.0% to 6.0%
- rate of compensation increase - 3.0% to 3.5%
- discount rates - post-retirement 4.7%, post-employment 4.1%, sick leave 4.2%

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

	2023	2022
Post-retirement benefits	**$ 125,028**	$ 106,765
Add: Unamortized actuarial gains	**17,086**	17,769
Post-employment benefit liability	**$ 142,114**	$ 124,534

The continuity of the accrued benefit obligation is as follows:

	2023	2022
Balance, beginning of year	**$ 124,534**	$ 105,681
Current service cost	**8,304**	9,764
Interest cost	**5,386**	3,345
Amortization of actuarial gain	**4,834**	6,546
Benefits paid	**(944)**	(802)
Balance, end of year	**$ 142,114**	$ 124,534

9. Post-employment benefits liability and long-term account receivable (continued)

A long-term receivable from the City of $142,114 in 2023 (2022 - $124,534) 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 OMERS plan (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 $68,500 in 2023 (2022 - $50,306).

The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan is in a deficit position and the Plan's December 31, 2023 financial statements indicate a net deficit of $7,571 million (a deficit of $4,202 million plus adjustment of $3,369 million of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan's assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Centre's contributions accounted for an insignificant portion 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.

10. Internally restricted - capital reserves

The Strategic Plan Reserve represents funds set aside by the Board of Management for the strategic planning process, with annual contributions included in the Centre's operating budget to replenish the reserve between strategic plans. In 2023, the Board of Management approved a transfer of $11,920 from the Strategic Plan Reserve to Unrestricted Net Assets (2022 - $Nil).

11. Internally restricted - operating reserves

The Breakfast Program Reserve represents funds set aside by the Board of Management for the breakfast program. In 2023, the Board of Management approved a transfer of $623 from the Unrestricted Net Assets to the Breakfast Program Reserve (2022 - Breakfast Program Reserve to the Unrestricted Net Assets $1,200).

12. Invested in capital assets

Investment in tangible capital assets is calculated as follows:

	2023	2022
Tangible capital assets	**$ 32,760**	$ 11,417
Amounts financed by deferred capital contributions	**(7,200)**	(6,450)
	$ 25,560	$ 4,967

Change in net assets invested in tangible capital assets is calculated as follows:

	2023	2022
Net revenue over expenses (expenses over revenue)		
Amortization of deferred capital contributions	**$ 750**	$ 750
Amortization of tangible capital asset	**(4,052)**	(1,343)
	$ (3,302)	$ (593)
Net investment in capital assets		
Tangible capital assets acquired	**$ 25,395**	$ -
Capital contribution received	**(1,500)**	(1,500)
	$ 23,895	$ (1,500)

13. Lease commitments

The Centre leases certain office equipment under an operating lease. The minimum operating lease payments required for the Centre are as follows:

2024	$ 2,172
2025	2,172
2026	543
Total	$ 4,887

14. Financial instruments

The Centre is exposed to and manages various financial risks resulting from operations. 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 Centre's main financial risk exposures and its financial risk management policies are as follows:

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 Centre manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Liquidity risk

Liquidity risk is the risk that the Centre cannot meet a demand for cash or fund obligations as they become due. The Centre's financial liabilities 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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Centre's financial instruments are all denominated in Canadian dollars and the Centre transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

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. Management believes the interest rate exposure related to this financial instrument is negligible.

Other price risk

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether these changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management does not believe the Centre is exposed to significant other price risk.

14. Financial instruments (continued)

Changes in risk

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

15. Comparative figures

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

Board of Management for the
Ralph Thornton Community Centre
Program Income Statement - Summer Camps

Year ended December 31, 2023
(supplemental information - unaudited)

	2023	2022
Revenue		
Grants		
Government of Canada	$ **29,329**	$ 49,277
Tropicana Grant	**14,151**	-
City of Toronto Children's Services	**11,000**	25,000
City of Toronto Community Services Partnership	**10,787**	-
Toronto Star Foundation	**10,000**	10,000
Fundraising and other revenue	**15,099**	17,186
	90,366	101,463
Expenses		
Salaries and wages	**78,264**	79,047
Employee benefits	**8,827**	10,991
Purchase of services	**12,871**	5,954
	99,962	95,992
Program (deficit) surplus	**$ (9,596)**	$ 5,471

May 23, 2024

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Management and the Board of Management
Ralph Thornton Community Centre
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Toronto, ON M4M 1H3

In connection with our audit of the financial statements of Ralph Thornton Community Centre (the "Centre") as of December 31, 2023 and for the year then ended, we considered internal control over financial reporting ("internal control") as a basis for designing appropriate audit procedures. The purpose of our audit was to express an opinion on the financial statements, not to identify internal control matters. Therefore, we express no opinion on the effectiveness of internal control and it would be inappropriate to conclude that no internal control matters, including significant control deficiencies, exist beyond those included in this communication.

A deficiency in internal control exists where the design, implementation, operation or absence of a control means that internal controls are unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis. The Canadian Auditing Standards require that, where we identify internal control deficiencies during an audit, we assess their importance and severity and communicate them to management and those charged with governance, as appropriate. Deficiencies that are of sufficient importance to merit the attention of those charged with governance are described as "significant deficiencies".

Significant control deficiencies

Segregation of duties

In common with other organizations with a small accounting team, we noted an issue surrounding segregation of duties. Whereby, the Business Manager does have access to post entries and is able to authorize electronic payments, A mitigating control exists whereby management analyzes the financial statements monthly to determine if there are any unusual variances. Investigation will be done if there are any.

As the achievement of high degree of segregation of duties may not be practical for organizations with a small accounting team, we remind management and the board of Management that ongoing involvement and review of budgets and interim financial information is important to the control environment.

Management Response

Management believes that the current controls in place are sufficient given the size and complexity of the entity. While the Business Manager has access to post entries to QuickBooks, but he only does it when the external bookkeeper is unavailable. The Board and Finance Committee reviews the financial package monthly which also mitigates this matter.

Conclusion

The matters reported in this communication are limited to those deficiencies we identified during the audit that we considered to be of sufficient importance to communicate to management and, in the case of significant deficiencies, those charged with governance. Had we performed more extensive procedures on internal control, including procedures subsequent to May 23, 2024, we might have identified more deficiencies or reached different conclusions about the deficiencies included in this communication.

This communication is intended solely for the information and use of management, those charged with governance, and others within the Centre and is not intended to be and should not be used by anyone other than these specified parties.

Yours sincerely,
Grant Thornton LLP

Grant Thornton LLP

David Fioretti, CPA, CA
Principal