



Financial Statements

Board of Management for the Ralph Thornton
Community Centre

December 31, 2025

Board of Management for the Ralph Thornton Community Centre

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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.

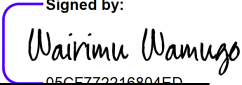
The financial statements have been prepared in compliance with the Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.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

Signed by:

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Name
Chairperson

Signed by:

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Name
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 the Board of Management for the Ralph Thornton Community Centre (the "Centre"), which comprise the statement of financial position as at December 31, 2025, 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, 2025 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, 2025 and 2024, current assets as at December 31, 2025 and 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 31, 2024 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.

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.

Toronto, Canada
May 29, 2026

Doane Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

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

December 31

2025

2024

Assets

Current

Cash	\$ 234,255	\$ 113,783
Accounts receivable (Note 3)	46,279	45,096
Prepaid expenses	7,666	7,413
Due from City of Toronto (Note 4)	<u>46,412</u>	<u>109,640</u>
	334,612	275,932
Due from City of Toronto (Note 8)	157,073	160,995
Tangible capital assets (Note 5)	<u>31,133</u>	<u>29,851</u>
	\$ 522,818	\$ 466,778

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 150,616	\$ 127,554
Deferred contributions (Note 6)	<u>47,695</u>	<u>26,643</u>
	198,311	154,197
Post-employment benefits (Note 8)	157,073	160,995
Deferred capital contributions (Note 7)	<u>-</u>	<u>7,950</u>
	355,384	323,142
Net Assets		
Unrestricted	124,194	106,120
Internally restricted - Capital reserves (Note 9)	3,080	3,080
Internally restricted - Rivertowne Nutrition Reserve (Note 10)	9,027	12,535
Internally restricted - Invested in tangible capital assets (Note 11)	<u>31,133</u>	<u>21,901</u>
	167,434	143,636
	\$ 522,818	\$ 466,778

Commitments (Note 12)

Approved by the Board

Signed by:

Wairimu Wamugo

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Chair

Signed by:

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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, 2025

	<u>Unrestricted</u>	<u>Capital reserves (Note 9)</u>	<u>Internally Restricted Rivertowne nutrition reserve (Note 10)</u>	<u>Invested in tangible capital assets (Note 11)</u>	<u>Total 2025</u>	<u>Total 2024</u>
Net assets, beginning of year	\$ 106,120	\$ 3,080	\$ 12,535	\$ 21,901	\$ 143,636	\$ 130,756
Excess of revenue over expenses	17,506	-	-	6,292	23,798	12,880
Interfund transfers (Notes 9, 10 and 11)	3,508	-	(3,508)	-	-	-
Net investment in tangible - capital assets	<u>(2,940)</u>	<u>-</u>	<u>-</u>	<u>2,940</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 124,194</u>	<u>\$ 3,080</u>	<u>\$ 9,027</u>	<u>\$ 31,133</u>	<u>\$ 167,434</u>	<u>\$ 143,636</u>

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton Community Centre

Statement of Operations

Year ended December 31

	<u>Program</u>	<u>Administration</u>	<u>2025</u>	<u>2024</u>
Revenue				
Grants				
City of Toronto (Note 4)	\$ 124,885	\$ 1,149,126	\$ 1,274,011	\$ 1,111,199
Government of Canada	38,977	-	38,977	39,096
Foundations	14,677	-	14,677	6,070
Other	17,453	-	17,453	23,628
	<u>195,992</u>	<u>1,149,126</u>	<u>1,345,118</u>	<u>1,179,993</u>
Donations (Note 3)	19,585	-	19,585	29,386
Fundraising	1,864	-	1,864	-
Rental income	45,966	39,365	85,331	77,872
User fees	212,048	-	212,048	152,808
Other	14,342	-	14,342	2,237
	<u>489,797</u>	<u>1,188,491</u>	<u>1,678,288</u>	<u>1,442,296</u>
Expenses				
Salaries and wages	283,197	748,101	1,031,298	897,358
Employee benefits	57,780	210,061	267,841	230,852
Materials and supplies	18,885	108,806	127,691	104,292
Purchase of services	103,229	121,523	224,752	194,005
Amortization of tangible capital assets	2,908	-	2,908	2,909
	<u>465,999</u>	<u>1,188,491</u>	<u>1,654,490</u>	<u>1,429,416</u>
Excess of revenue over expenses	<u>\$ 23,798</u>	<u>\$ -</u>	<u>\$ 23,798</u>	<u>\$ 12,880</u>

See accompanying notes to the financial statements.

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

Year ended December 31

2025

2024

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 23,798	\$ 12,880
Adjustments for:		
Amortization of tangible capital assets	2,908	2,909
Amortization of deferred capital contributions	(9,200)	(750)
Post-employment benefits	<u>(3,922)</u>	<u>18,881</u>
	13,584	33,920
Changes in non-cash working capital components:		
Due from City of Toronto	63,228	47,438
Accounts receivable	(1,183)	(8,067)
Prepaid expenses	(253)	(1,626)
Accounts payable and accrued liabilities	23,062	(16,387)
Deferred contributions	<u>21,052</u>	<u>1,698</u>
	<u>119,490</u>	<u>56,976</u>

Financing activities

Long-term amount due from City of Toronto	<u>3,922</u>	<u>(18,881)</u>
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Capital activities

Purchase of tangible capital assets	(4,190)	-
Capital contribution received	<u>1,250</u>	<u>1,500</u>
	<u>(2,940)</u>	<u>1,500</u>

Increase in cash	120,472	39,595
Cash, beginning of year	<u>113,783</u>	<u>74,188</u>
Cash, end of year	<u>\$ 234,255</u>	<u>\$ 113,783</u>

See accompanying notes to the financial statements.

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

Year ended December 31, 2025

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 due to City of Toronto.

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

Year ended December 31, 2025

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.

**Board of Management for the
Ralph Thornton Community Centre
Notes to the Financial Statements**

Year ended December 31, 2025

3. Ralph Thornton Community Organization

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, 2026 and was approved in 2024.

During the year, \$4,097 (2024 - \$5,701) of donations and \$13,240 (2024 - \$13,050) of fundraising from the Organization was recognized as revenue on the statement of operations. Included in accounts receivable is \$1,150 (2024 - \$2,248) due from the Organization. The Centre provides on-going administrative support to the Organization at no cost.

4. Funds provided by the City of Toronto - Administration

Funding for administration expenses is provided by the City according to Council approved budgets. During the year, the City Council approved additional funding for the Centre in the amount of \$11,223 (2024 - \$nil), which is an in-year adjustment representing ratification of the current Collective Agreement negotiated between CUPE 2998 and the City of Toronto. 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.

	2025 <u>Budget</u> (unaudited)	2025 <u>Actual</u>	2024 <u>Actual</u>
Budgeted administration expenses:			
Salaries and wages	\$ 704,386	\$ 748,101	\$ 644,879
Employee benefits	226,649	210,061	182,419
Materials and supplies	101,250	108,806	97,624
Purchase of services	115,888	121,523	118,282
	1,148,173	1,188,491	1,043,204
Less: rental revenue	(39,400)	(39,365)	(39,365)
	<u>\$ 1,108,773</u>	<u>\$ 1,149,126</u>	<u>\$ 1,003,839</u>
Centre's actual administration revenue received:			
Administration budget		\$ 1,108,773	\$ 868,216
Emergency funding		-	136,630
Adjustment for the ratified CUPE 2998 agreement		11,223	-
Rental revenue and other		39,365	39,365
		<u>\$ 1,159,361</u>	<u>\$ 1,044,211</u>

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

Year ended December 31, 2025

4. Funds provided by the City of Toronto - Administration (continued)

	<u>2025</u>	<u>2024</u>
Centre's actual administration expenses:		
Administration expenses	\$ 1,188,491	\$ 1,043,204
Adjustments for:		
Post-employment benefits, not funded by the City until paid, that are included in long-term amount due from City of Toronto	3,922	(18,881)
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto	<u>(16,603)</u>	<u>11,419</u>
	<u>1,175,810</u>	<u>1,035,742</u>
Administration expenses (over) under approved budget	<u>\$ (16,449)</u>	<u>\$ 8,469</u>
The due (to) from City of Toronto balance is comprised of:		
	<u>2025</u>	<u>2024</u>
2016 deficit recoverable	\$ 8	\$ 8
2023 deficit recoverable	-	96,279
2024 surplus payable	(8,469)	(8,469)
2025 deficit recoverable	<u>16,449</u>	<u>-</u>
	<u>7,988</u>	<u>87,818</u>
Vacation pay	<u>38,424</u>	<u>21,822</u>
	<u>\$ 46,412</u>	<u>\$ 109,640</u>

Including in accounts receivable is \$32,568 (2024 - \$32,636) related to the Toronto Urban Health Fund from the City of Toronto.

5. Tangible capital assets

Tangible capital assets consist of the following:

			<u>2025</u>	<u>2024</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building and kitchen improvements	\$ 120,927	\$ (93,984)	\$ 26,943	\$ 29,851
Computer hardware	<u>43,900</u>	<u>(39,710)</u>	<u>4,190</u>	<u>-</u>
	<u>\$ 164,827</u>	<u>\$ (133,694)</u>	<u>\$ 31,133</u>	<u>\$ 29,851</u>

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

Year ended December 31, 2025

6. Deferred contributions

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

Deferred contributions are comprised of the following:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 26,643	\$ 24,945
Add: contributions received	90,273	46,628
Less: contributions recognized as revenue	<u>(69,221)</u>	<u>(44,930)</u>
Balance, end of year	<u>\$ 47,695</u>	<u>\$ 26,643</u>

	<u>2025</u>	<u>2024</u>
The year-end balances are made up as follows:		
Wells Fargo Literacy Program	\$ 6,012	\$ 6,012
Toronto Urban Health Fund	16,683	20,631
Seniors Community Grant Program	20,000	-
Haleon Canada	<u>5,000</u>	<u>-</u>
	<u>\$ 47,695</u>	<u>\$ 26,643</u>

7. Deferred capital contributions

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 7,950	\$ 7,200
Add: capital contributions received	1,250	1,500
Less: amortization recognized as revenue	<u>(9,200)</u>	<u>(750)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 7,950</u>

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

Year ended December 31, 2025

8. 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, 2024 with projections to December 31, 2027. 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 4.4%, post-employment 4.0 %, sick leave 4.1%

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

	<u>2025</u>	<u>2024</u>
Post-retirement benefits	\$ 160,108	\$ 159,570
Add: Unamortized actuarial loss (gain)	<u>(3,035)</u>	<u>1,425</u>
Post-employment benefit liability	<u>\$ 157,073</u>	<u>\$ 160,995</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 160,995	\$ 142,114
Current service cost	5,414	9,049
Interest cost	6,896	5,610
Amortization of actuarial gains and losses	(6,995)	5,215
Benefits paid	<u>(9,237)</u>	<u>(993)</u>
Balance, end of year	<u>\$ 157,073</u>	<u>\$ 160,995</u>

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

Year ended December 31, 2025

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

A long-term receivable from the City of \$157,073 in 2025 (2024 - \$160,995) has resulted from the recording of 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 \$78,403 in 2025 (2024 - \$66,566).

The most recent actuarial valuation of the Plan as at December 31, 2025 indicates the Plan is in a deficit position and the Plan's December 31, 2025 financial statements indicate a net deficit of \$6,127 million (a deficit of \$1,322 million plus adjustment of \$4,805 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.

9. Internally restricted - capital reserves

The capital 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.

10. Internally restricted – Rivertowne Nutrition Reserve

The Rivertowne Nutrition Program Reserve represents funds set aside by the Board of Management for the breakfast program. In 2025, the Board of Management approved a transfer of \$3,508 from the Rivertowne Nutrition Program Reserve to Unrestricted Net Assets (2024 - Unrestricted Net Assets to the Breakfast Program Reserve \$4,668).

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

Year ended December 31, 2025

11. Invested in tangible capital assets

Investment in tangible capital assets is calculated as follows:

	<u>2025</u>	<u>2024</u>
Tangible capital assets	\$ 31,133	\$ 29,851
Amounts financed by deferred capital contributions	<u>-</u>	<u>(7,950)</u>
	<u>\$ 31,133</u>	<u>\$ 21,901</u>

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

	<u>2025</u>	<u>2024</u>
Net revenue over expenses (expenses over revenue)		
Amortization of deferred capital contributions	\$ 9,200	\$ 750
Amortization of tangible capital asset	<u>(2,908)</u>	<u>(2,909)</u>
	<u>\$ 6,292</u>	<u>\$ (2,159)</u>
Net investment in capital assets		
Tangible capital assets acquired	\$ 4,190	\$ -
Capital contribution received	<u>(1,250)</u>	<u>(1,500)</u>
	<u>\$ 2,940</u>	<u>(1,500)</u>

12. Lease commitments

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

2026	\$ 1,846
2027	1,846
2028	<u>1,846</u>
Total	<u>\$ 5,538</u>

13. 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:

Board of Management for the Ralph Thornton Community Centre Notes to the Financial Statements

Year ended December 31, 2025

13. Financial instruments (continued)

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.

Changes in risk

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

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

Year ended December 31, 2025
(supplemental information - unaudited)

	<u>2025</u>	<u>2024</u>
Revenue		
Grants		
Government of Canada	\$ 12,517	\$ 18,241
Tropicana Grant	-	11,308
Riverdale Share	5,000	-
City of Toronto Children's Services	11,000	11,000
Toronto Star Foundation	5,000	6,070
Fundraising and other revenue	<u>42,698</u>	<u>20,532</u>
	<u>76,215</u>	<u>67,151</u>
Expenses		
Salaries and wages	89,394	79,426
Employee benefits	7,741	9,813
Materials and supplies	601	-
Purchase of services	<u>12,360</u>	<u>9,758</u>
	<u>110,096</u>	<u>98,997</u>
Program deficit	<u>\$ (33,881)</u>	<u>\$ (31,846)</u>

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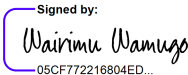
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May 4, 2026

Management and the Board of Management
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In connection with our audit of the financial statements of Ralph Thornton Community Centre (the "Centre") as of December 31, 2025 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

Lack of 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. 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 quarterly which also mitigates this matter.

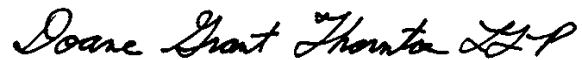
Conclusion

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 4, 2026, 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,

Doane Grant Thornton LLP

A handwritten signature in black ink that reads "Doane Grant Thornton LLP". The signature is written in a cursive, flowing style.

David Fioretti, CPA, CA
Principal