

**WESTON KING NEIGHBOURHOOD CENTRE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**



**David Burkes, B. Com, CPA, CA•IFA, CFF**

**WESTON KING NEIGHBOURHOOD CENTRE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
Weston King Neighbourhood Centre**

I have audited the accompanying financial statements of Weston King Neighbourhood Centre, which comprise the statement of financial position as at December 31, 2017, the statement of operations, the statement of changes in net assets, the statement of cash flows for the year then ended, and a summary of significant Canadian accounting standards applicable for not-for-profit organizations 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 accounting standards for 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of Weston King Neighbourhood Centre, as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Chartered Professional Accountant  
Licensed Public Accountant**

**Richmond Hill, Ontario  
June 19, 2018**

**WESTON KING NEIGHBOURHOOD CENTRE**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2017**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b><u>CURRENT</u></b>		
Cash	\$ 64,732	\$ 115,865
Accounts Receivable	-	1,855
Grants Receivable	12,648	-
HST/GST Recoverable	30,205	26,743
Prepaid Expenses and Deposits	1,917	1,917
	<u>109,502</u>	<u>146,380</u>
<b><u>CAPITAL ASSETS (Note 2)</u></b>	<u>132,037</u>	<u>184,058</u>
	<u>\$ 241,539</u>	<u>\$ 330,438</u>

**LIABILITIES**

<b><u>CURRENT</u></b>		
Accounts Payable and Accrued Liabilities	\$ 12,740	\$ 5,161
Deferred Operating Grants (Note 4)	-	58,177
	<u>12,740</u>	<u>63,338</u>
<b><u>DEFERRED CAPITAL CONTRIBUTIONS</u></b>		
Related to Capital Assets (Note 3)	<u>132,037</u>	<u>184,058</u>
	<u>144,777</u>	<u>247,396</u>
<b><u>NET ASSETS</u></b>	<u>96,762</u>	<u>83,042</u>
	<u>\$ 241,539</u>	<u>\$ 330,438</u>

**APPROVED BY THE BOARD:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

*(See Accompanying Notes)*



**WESTON KING NEIGHBOURHOOD CENTRE**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Externally Restricted (Note 8)</u>	<u>Balance 2017</u>	<u>Balance 2016</u>
<b><u>BALANCE,</u></b>				
Beginning of the Year (Note 8)	\$ 83,042	\$ -	\$ 83,042	\$ 71,066
<b><u>EXCESS OF REVENUES OVER EXPENSES</u></b>	<u>13,720</u>	<u>-</u>	<u>13,720</u>	<u>11,976</u>
<b><u>BALANCE,</u></b>				
End of the Year	<u>\$ 96,762</u>	<u>\$ -</u>	<u>\$ 96,762</u>	<u>\$ 83,042</u>

*(See Accompanying Notes)*



**WESTON KING NEIGHBOURHOOD CENTRE**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b><u>REVENUES</u></b>		
Grant Revenue (Note 5)	\$ 359,390	\$ 354,018
Mt. Dennis United Church (Note 10)	93,709	113,278
Donations	10,833	11,361
Donations-in-Kind (Note 11)	305,813	211,971
Miscellaneous Income	8,603	3,135
Amortization of Deferred Contributions	52,021	51,029
	<u>830,369</u>	<u>744,792</u>
<b><u>EXPENSES</u></b>		
Salaries and Benefits	309,401	348,567
Program Expense (Note 11)	356,424	249,269
Rent and Utilities (Note 7)	59,261	59,430
Professional Fees	7,418	10,886
Administrative Expense	26,831	9,152
Telecommunications	2,323	2,074
Amortization Expense	52,021	51,029
Minor Capital Expenditures	2,970	2,409
	<u>816,649</u>	<u>732,816</u>
<b><u>EXCESS OF REVENUES OVER EXPENSES</u></b>	<u>\$ 13,720</u>	<u>\$ 11,976</u>

*(See Accompanying Notes)*



**WESTON KING NEIGHBOURHOOD CENTRE**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Excess of Revenues Over Expenses	\$ 13,720	\$ 11,976
Amortization Expense	52,021	51,029
	<u>65,741</u>	<u>63,005</u>
Change in Non-Cash Working Capital		
Accounts Receivable	1,855	4,242
Grants Receivable	( 12,648 )	96,200
HST/GST Recoverable	( 3,462 )	( 2,966 )
Prepaid Expenses and Deposits	-	11
Accounts Payable and Accrued Liabilities	7,579	( 15,606 )
Deferred Operating Grants	( 58,177 )	( 86,678 )
	<u>( 64,853 )</u>	<u>( 4,797 )</u>
<b><u>CASH USED IN INVESTING ACTIVITIES:</u></b>		
Purchase of Capital Assets	<u>-</u>	<u>( 9,919 )</u>
<b><u>CASH FROM (USED IN) FINANCING ACTIVITIES:</u></b>		
Deferred Capital Contribution Related to Capital Assets	<u>( 52,021 )</u>	<u>( 41,110 )</u>
<b><u>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</u></b>	<b>( 51,133 )</b>	<b>7,179</b>
<b><u>CASH AND EQUIVALENTS, Beginning of the Year</u></b>	<b><u>115,865</u></b>	<b><u>108,686</u></b>
<b><u>CASH AND EQUIVALENTS, End of the Year</u></b>	<b><u>\$ 64,732</u></b>	<b><u>\$ 115,865</u></b>
<b><u>CASH AND EQUIVALENTS REPRESENTED BY:</u></b>		
Cash	<u>\$ 64,732</u>	<u>\$ 115,865</u>

*(See Accompanying Notes)*



**WESTON KING NEIGHBOURHOOD CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**PURPOSE OF THE ORGANIZATION:**

The Weston King Neighbourhood Centre (the "Centre") was incorporated without share capital under the laws of the Province of Ontario as a not-for-profit organization and is a registered charitable organizations with a registered charity number of 875484917 RR 0001. As such, it is not subject to income taxes. The organization offers assistance to people within its community who struggle to integrate in society due to economic or social barriers.

**1. SIGNIFICANT ACCOUNTING POLICIES:**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies that are considered particularly significant:

**a) Revenue Recognition**

The Centre follows the deferral method of accounting for grants. Grants are recognized as revenue in the same period as the related expenditures. Grants received prior to the year to which they apply are deferred.

Donations are recorded as revenue when received.

Other revenues are recognized as revenue in the period in which they are earned.

**b) Capital Assets and Amortization**

Capital Assets are stated at cost less accumulated amortization. Amortization is recorded on the straight-line basis at rates designed to amortize the cost of the assets over their estimated useful lives. The amortization rates are as follows:

Leasehold Improvements	5 year straight-line over remaining term of lease
Kitchen Appliances	5 year straight-line basis
Office Furniture	5 year straight-line basis

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. The organization follows a policy of capitalizing expenditures that exceed \$2,500 and are capital in nature.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital assets exceeds its fair value.





**WESTON KING NEIGHBOURHOOD CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**c) Leasehold Improvements**

The Centre commenced a kitchen renovation in 1269 Weston Location in fiscal year 2014 - a project that was fully funded by the Ontario Trillium, City of Toronto and Mt. Dennis United Church. The renovation was completed in July 2015. The lease expires in March 2019, management decided to amortize the leasehold improvement using straight-line method over the remaining term of the lease.

**d) Deferred Capital Contribution**

Contributions received towards the purchase of capital assets are deferred and amortized into income on the same basis as the related capital assets are depreciated.

**e) Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Significant items subject to such estimates and assumptions include the useful lives of capital assets, and year-end accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

**f) Income Taxes**

The Centre is a not-for-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

**g) Financial Instruments**

The Centre initially records all financial instruments at fair market value, and subsequently records them at amortized cost.

The organization's financial instruments consist of cash, short term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities.

**h) Contributed Services**

Because of the difficulty of determining the fair value of services provided by volunteers, contributed services are not recognized in these financial statements.



**WESTON KING NEIGHBOURHOOD CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**2. CAPITAL ASSETS:**

	<u>2017</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold				
Improvements	\$ 204,014	\$ 102,007	\$ 102,007	142,810
Kitchen Appliances	48,769	22,401	26,368	36,122
Office Furniture	7,323	3,661	3,662	5,126
	<u>\$ 260,106</u>	<u>\$ 128,069</u>	<u>\$ 132,037</u>	<u>\$ 184,058</u>

Amortization for the year amounted to \$52,021 (2016 - \$51,029).

**3. DEFERRED CAPITAL CONTRIBUTIONS:**

The Kitchen Renovation is funded by the following capital grants:

	<u>2017</u>	<u>2016</u>
City of Toronto - Health and Safety	\$ 14,950	\$ 14,950
City of Toronto Homelessness Partnering Strategy	38,850	38,850
Ontario Trillium Foundation	144,343	144,343
Mt. Dennis United Church	61,962	61,962
	<u>\$ 260,105</u>	<u>\$ 260,105</u>

Deferred Capital Contributions are summarized as follows:

	<u>2017</u>	<u>2016</u>
Deferred Capital Contributions	\$ 260,105	\$ 260,105
Less: Amortization of Deferred Contribution	<u>( 128,068 )</u>	<u>( 76,047 )</u>
	<u>\$ 132,037</u>	<u>\$ 184,058</u>

**WESTON KING NEIGHBOURHOOD CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**4. DEFERRED OPERATING GRANTS:**

Deferred operating grants are analyzed as follows:

	<u>2017</u>	<u>2016</u>
i) Ontario Trillium Grant	\$ -	\$ 4,079
ii) City of Toronto - Drop-in Services	-	31,500
iii) City of Toronto - Housing Support	-	12,384
iv) Mt. Dennis United Church	-	-
v) Service Canada - New Horizon Senior	-	10,214
	<u>\$ -</u>	<u>\$ 58,177</u>

Continuity of Deferred Operating Grants for the year is as follows:

Deferred Operating Grants, Beginning of the Year	\$ 58,177	\$ 144,855
Add - Received/Receivable during the Year	394,922	267,340
Less - Recognized during the Year	453,099	354,018
	<u>\$ -</u>	<u>\$ 58,177</u>

**5. GRANT REVENUE:**

Grant Revenue recognized in the year is as follows:

	<u>2017</u>	<u>2016</u>
City of Toronto - CHPI Housing Support	\$ 54,931	\$ 68,758
City of Toronto - CHPI Drop-in Services	174,963	175,000
City of Toronto - Investing in Neighbourhood (IIN)	26,190	18,351
City of Toronto - Health and Safety	13,560	-
Ontario Trillium Foundation	3,579	5,602
Ontario Seniors Grant Program	5,760	-
Service Canada - New Horizons	10,214	16,443
Canada Summer Jobs	12,648	13,309
Central United Church of Canada	-	500
Southwest Presbytery of United Church of Canada	30,000	30,000
MiziweBiik	-	16,632
Loblaws	5,158	-
Mazon Canada	5,000	3,500
Rotary Club of Toronto Humber	14,000	4,500
Others	3,387	1,423
	<u>\$ 359,390</u>	<u>\$ 354,018</u>

**WESTON KING NEIGHBOURHOOD CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**6. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:**

The Centre includes cash, accounts receivable, grants receivable, accounts payable, deferred operating grant revenue, and fund balances in its capital management consideration. The Centre's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate.

The Centre monitors these items to assess its ability to fulfil its ongoing financial obligations. The Centre relies primarily on grants and donations to fund its operations and makes adjustments to its budgeted expenditures in light of changes. The Centre is not subject to externally imposed capital requirements.

The Centre relies on government grants for continued operations.

**7. COMMITMENTS:**

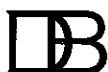
The Centre has entered into operating lease agreements with respects to its 2 service locations, commencing April 1, 2014 and July 1, 2015, respectively. The required annual minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>1269 Weston Road (Lease expiry March 31, 2019)</u>	<u>2017 Weston Road (Lease expiry June 30, 2020)</u>	<u>Total Minimum Payments</u>
2018	24,000	35,430	59,430
2019	8,000	35,430	43,430
2020	-	17,715	17,715

**8. RESTRICTED FUND AND PRIOR PERIOD ADJUSTMENT:**

The Centre had an externally restricted fund balance, imposed by the funder. The purpose of the fund was to pay for the remuneration of the Executive Director. In 2017, it was noted that this funding was in fact utilized in 2016 to pay for a portion of the Executive Director's salary. Therefore, the opening balance of the restricted fund for 2017 was adjusted from \$12,786 to nil. There was no net impact from this adjustment to the Centre's net assets as at December 31, 2016 or its excess of revenues over expenses realized for the year then ended. The impact on the Centre's 2016 financial statements is as noted below:

	<u>As Previously Reported</u>	<u>Adjusted</u>	<u>Difference</u>
Restricted Net Assets - Dec 31 2016:	\$ 12,786	\$ -	\$ (12,786)
Unrestricted Net Assets - Dec 31 2016:	\$ 70,256	\$ 83,042	\$ 12,786
Net Assets - Dec 31 2016:	\$ 83,042	\$ 83,042	\$ -
2016 Excess of Revenues over Expenses:	\$ 11,976	\$ 11,976	\$ -



**WESTON KING NEIGHBOURHOOD CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**9. FINANCIAL INSTRUMENTS - RISK MANAGEMENT:**

**a) Interest Rate Risk**

Interest rate risk is the risk of potential financial loss caused by fluctuations in their fair value of future cash flow of financial instruments due to changes in market interest rates.

**b) Credit Risk**

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations.

**c) Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Centre's financial instruments consist of cash, short term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest or credit risks. Liquidity risk is managed by establishing budgets and maintaining sufficient cash and equivalents on hand or in interest bearing accounts.

**10. MT. DENNIS UNITED CHURCH:**

In June 2012, the Board of Mt. Dennis United Church, the Board of Trustees of Central United Church, and Weston King Neighbourhood Centre (the "Centre") agreed to establish a partnership to provide food related programs to an under-served population. As per the agreement, the Centre has received a bequest of \$500,000 to be used for operational and outreach purpose, as well as required infrastructure upgrades. In fiscal 2017, the full remaining balance of the bequest plus accrued interest was received. As of December 31, 2017, the balance of the bequest remaining to be received is nil (2016 - \$85,000).

**11. DONATIONS-IN-KIND:**

The Centre is in receipt of donations-in-kind with respect to food and other goods as follows:

	<u>2017</u>	<u>2016</u>
1) Food	\$ 305,813	\$ 198,781
2) Gift Cards	-	1,000
3) Software	-	12,190
	<u>\$ 305,813</u>	<u>\$ 211,971</u>





January 2, 2018

Weston King Neighbourhood Centre  
2017 Weston Rd  
Toronto, Ontario  
M9N 1X2

Dear Members of the Board:

The purpose of this letter is to outline the terms of my engagement to audit the financial statements of Weston King Neighbourhood Centre, which comprise the statement of financial position as at December 31, 2017, the statement of operation, the statement of changes in net assets, the statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

I am pleased to confirm my acceptance and my understanding of this audit engagement by means of this letter. My audit will be conducted with the objective of my expressing an opinion on the financial statements.

**Objective, Scope and Limitations**

My statutory function as auditor of Weston King Neighbourhood Centre is to report to the members by expressing an opinion on Weston King Neighbourhood Centre's annual financial statements. I will conduct my audit in accordance with generally accepted accounting policies for not-for-profit organizations and will issue an audit report.

Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to error or fraud.

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. 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.

Weston King Neighbourhood Centre  
January 2, 2018

It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

- a) Factors such as use of judgment, and the use of testing of the data underlying the financial statements;
- b) Inherent limitations of internal controls; and
- c) The fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit that is designed and executed in accordance with Canadian auditing standards may not detect a material fraud. Further, while effective internal controls reduce the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. For these reasons, I cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian auditing standards.

Because of the inherent limitations of an audit, together with the inherent limitations of internal controls, there is an unavoidable risk that some material misstatements may not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed in accordance with Canadian auditing standards.

In making my risk assessment, we consider internal controls relevant to the entity's preparation 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 controls. However, we will communicate to you in writing concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.

Unless unanticipated difficulties are encountered, my report will be substantially in the following form:

*To the Members of the Board of  
Weston King Neighbourhood Centre,*

*I have audited the accompanying financial statements of Weston King Neighbourhood Centre, which comprise the statement of financial position as at December 31, 2017, the statement of operations, the statement of changes in net assets, the statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.*



Weston King Neighbourhood Centre  
January 2, 2018

*Management's Responsibility for the Financial Statements*

*Management are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.*

*Auditor's Responsibility*

*My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I 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 controls relevant to the corporation'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 corporation's internal controls. 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.*

*I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.*

*Opinion*

*In my opinion, the financial statements present fairly, in all material respects, the financial position of Weston King Neighbourhood Centre, as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.*

Any specific restrictions on the use or intended users of the auditor's report and statement(s) about the specific restriction(s) will be set out in the auditor's report.

If my opinion on the financial statements is other than unqualified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form, or have not formed, an opinion, I may decline to express an opinion as a result of this engagement.





Weston King Neighbourhood Centre  
January 2, 2018

### My Responsibilities

I will perform the audit in accordance with Canadian auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian auditing standards. Accordingly, we will plan and perform my audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in, or enters, the public domain, we will not provide any third party with confidential information concerning the affairs of Weston King Neighbourhood Centre without Weston King Neighbourhood Centre's prior consent, unless required to do so by legal authority, or the *CPA Code of Professional Conduct*.

The objective of my audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if I identify any of the following matters, they will be communicated to the appropriate level of management:

- a) Misstatements, resulting from error, other than trivial errors;
- b) Fraud or any information obtained that indicates that a fraud may exist;
- c) Any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- d) Significant deficiencies in the design or implementation of internal controls to prevent and detect fraud or error; and
- e) Related-party transactions identified by me that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of my audit. Audits do not usually identify all matters that may be of interest to management and those charged with governance in discharging their responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.



Weston King Neighbourhood Centre  
January 2, 2018

I will consider Weston King Neighbourhood Centre's internal controls to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable me to render an opinion on the effectiveness of internal controls over financial reporting.

#### **Use and Distribution of my Report**

The examination of the financial statements and the issuance of my audit opinion are solely for the use of Weston King Neighbourhood Centre and those to whom my report is specifically addressed by me. I make no representations of any kind to any third party in respect of these financial statements and I accept no responsibility for their use by any third party.

#### **Management's Responsibilities**

Management is responsible for:

#### **Financial Statements**

The preparation and fair presentation of Weston King Neighbourhood Centre's financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Completeness of Information**

- a) Providing me with and making available complete financial records and related data, and copies of all minutes of meetings of shareholders, directors and committees of directors and other matters;
- b) Providing me with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- c) Providing me with information relating to any illegal or possible illegal acts, and all facts related thereto;
- d) Providing me with information regarding all related parties and related-party transactions;
- e) Any additional information that we may request from management for purposes of this audit; and
- f) Providing me with unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

**Fraud and Error**

- a) Internal controls that management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- b) An assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- c) Providing me with information relating to fraud or suspected fraud affecting the entity involving:
  - i) Management,
  - ii) Employees who have significant roles in internal controls, or
  - iii) Others, where the fraud could have a non-trivial effect on the financial statements;
- d) Providing me with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- e) Communicating its belief that the effects of any uncorrected financial statements misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**Recognition, Measurement and Disclosure**

- a) Providing me with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
- b) Providing me with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- c) Providing me with information relating to the measurement and disclosure of transactions with related parties;
- d) Providing me with an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with Measurement Uncertainty, *CPA Handbook – Part II* 1508;
- e) Providing me with information relating to claims and possible claims, whether or not they have been discussed with Weston King Neighbourhood Centre's legal counsel;
- f) Providing me with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which Weston King Neighbourhood Centre is contingently liable;

Weston King Neighbourhood Centre  
January 2, 2018

- g) Providing me with information on whether Weston King Neighbourhood Centre has satisfactory title to assets, liens or encumbrances on existing assets, or assets that are pledged as collateral;
- h) Providing me with information relating to compliance with aspects of contractual agreements that may affect the financial statements;
- i) Providing me with information concerning subsequent events; and
- j) Providing me with representations on specific matters communicated to me during the engagement.

**Written Confirmation of Significant Representations**

- a) Providing me with written confirmation of significant representations provided to me during the engagement on matters that are:
  - i) Directly related to items that are material, either individually or in the aggregate, to the financial statements,
  - ii) Not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement,
  - iii) Relevant to your judgments or estimates that are material, either individually or in the aggregate, to the financial statements, and
  - iv) Possibly going to affect the concept of a going concern.

I ask that my name be used only with my consent and that any information to which I have attached a communication be issued with that communication unless otherwise agreed to by me.

**Reproduction of Audit Report**

If reproduction or publication of my audit report (or reference to my report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to me in sufficient time for my review before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either the full or summarized financial statements that I have audited.

I am not required to read the information contained in your website, or to consider the consistency of other information in the electronic site with the original document.



Weston King Neighbourhood Centre  
January 2, 2018

**Preparation of Schedules**

I understand that you or your employees will prepare various schedules and will locate the various documents for my use as I will identify prior to the audit commencing and during the audit itself.

This assistance will facilitate my work and will help to minimize my cost. Failure to provide these working papers or documents on a timely basis may impede my services and require me to suspend my services or withdraw from the engagement.

**Working Papers**

The working papers, files, other materials, reports and work created, developed or performed by me during the course of the engagement are the property of my Firm, constitute confidential information and will be retained by me in accordance with my Firm's policies and procedures.

**File Inspections**

In accordance with professional regulations (and by my Firm's policy), my client files may periodically be reviewed by a practice inspector, and by other file quality reviewers to ensure that I am adhering to professional and my Firm's standards. File reviewers are required to maintain the confidentiality of client information.

**Governing Legislation**

This engagement letter is subject to and governed by the laws of the Province of Ontario. The Province of Ontario will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

**Dispute Resolution**

You agree that:

- a) Any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation; and
- b) You will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement.



Weston King Neighbourhood Centre  
January 2, 2018

Any mediation initiated as a result of this engagement shall be administered within the Province of Ontario by a mediator to be agreed upon between the parties, according to its mediation rules, and any ensuing litigation shall be conducted within such province, according to provincial law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

**Indemnity**

Weston King Neighbourhood Centre hereby agrees to indemnify, defend (by counsel retained and instructed by me), and hold harmless my Firm and its partners, agents or employees, from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

- a) The breach by Weston King Neighbourhood Centre, or its directors, officers, agents, or employees, of any of the covenants made by Weston King Neighbourhood Centre herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, my engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by my Firm; and
- b) The services performed by me pursuant to this engagement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the negligence of my Firm. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by your company.

I will use all reasonable efforts to complete the engagement as described in this letter within the agreed upon time frames. However, I shall not be liable for failures or delays in the performance that arise from causes beyond my control, including the untimely performance by Weston King Neighbourhood Centre of its obligations.

**Fees**

**Fees at Regular Billing Rates**

My professional fees will be based on my regular billing rates plus direct out-of-pocket expenses and applicable HST and are due when rendered. Fees for any additional services will be established separately.



Weston King Neighbourhood Centre  
January 2, 2018

**Billing**

My fees and costs are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent, and are subject to an interest charge per month. I reserve the right to suspend my services or to withdraw from this engagement in the event that any of my invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to me, you agree to reimburse me for my costs of collection, including lawyers' fees.

**Termination**

If I elect to terminate my services for nonpayment, or for any other reason provided for in this letter, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my report. You will be obligated to compensate me for all the time expended, and to reimburse me for all of my out-of-pocket costs, through to the date of termination.

**Costs of Responding to Government of Legal Process**

In the event I am required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information I obtained and/or prepared during the course of this engagement, or that I may incur subsequent to the termination of this agreement, you agree to compensate me at my normal hourly rate for the time I expend in connection with such response, and to reimburse me for all of my out-of-pocket costs (including applicable HST) incurred. You also agree to reimburse me for assistance I may provide to a successor auditor subsequent to the termination of this agreement.

**Other Services**

In addition to the audit services referred to above, I will, as allowed by the *CPA Code of Professional Conduct*, prepare your corporate and/or charity returns and other special reports as required. Management will provide the information necessary to complete these returns/reports and will file them with the appropriate authorities on a timely basis.

**Use of Information**

It is acknowledged that I will have access to all personal information in your custody that I require to complete my engagement. My services are provided on the basis that:

- a) You represent to me that management has obtained any required consents for collection, use and disclosure of personal information required under applicable privacy legislation; and
- b) I will hold all personal information in compliance with my Firm's Privacy Statement.

Weston King Neighbourhood Centre  
January 2, 2018

The above terms of my engagement will be effective from year to year until amended or terminated in writing.

If you have any questions about the contents of this letter, please raise them with me. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to me.

I appreciate the opportunity of continuing to be of service to your company.

Yours very truly,

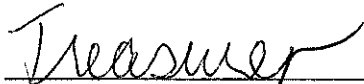


David Burkes, CPA, CA•IFA, CFF, Licensed Public Accountant

Acknowledged and agreed on behalf of Weston King Neighbourhood Centre by:



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Name and title

Date: \_\_\_\_\_







January 2, 2018

Weston King Neighbourhood Centre  
2017 Weston Rd  
Toronto, Ontario  
M9N 1X2

Dear Members of the Board:

The purpose of this letter is to outline the terms of my engagement to audit the financial statements of Weston King Neighbourhood Centre, which comprise the statement of financial position as at December 31, 2017, the statement of operation, the statement of changes in net assets, the statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

I am pleased to confirm my acceptance and my understanding of this audit engagement by means of this letter. My audit will be conducted with the objective of my expressing an opinion on the financial statements.

**Objective, Scope and Limitations**

My statutory function as auditor of Weston King Neighbourhood Centre is to report to the members by expressing an opinion on Weston King Neighbourhood Centre's annual financial statements. I will conduct my audit in accordance with generally accepted accounting policies for not-for-profit organizations and will issue an audit report.

Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to error or fraud.

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. 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.

Weston King Neighbourhood Centre  
January 2, 2018

It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

- a) Factors such as use of judgment, and the use of testing of the data underlying the financial statements;
- b) Inherent limitations of internal controls; and
- c) The fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit that is designed and executed in accordance with Canadian auditing standards may not detect a material fraud. Further, while effective internal controls reduce the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. For these reasons, I cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian auditing standards.

Because of the inherent limitations of an audit, together with the inherent limitations of internal controls, there is an unavoidable risk that some material misstatements may not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed in accordance with Canadian auditing standards.

In making my risk assessment, we consider internal controls relevant to the entity's preparation 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 controls. However, we will communicate to you in writing concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.

Unless unanticipated difficulties are encountered, my report will be substantially in the following form:

*To the Members of the Board of  
Weston King Neighbourhood Centre,*

*I have audited the accompanying financial statements of Weston King Neighbourhood Centre, which comprise the statement of financial position as at December 31, 2017, the statement of operations, the statement of changes in net assets, the statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.*



Weston King Neighbourhood Centre  
January 2, 2018

*Management's Responsibility for the Financial Statements*

*Management are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.*

*Auditor's Responsibility*

*My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I 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 controls relevant to the corporation'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 corporation's internal controls. 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.*

*I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.*

*Opinion*

*In my opinion, the financial statements present fairly, in all material respects, the financial position of Weston King Neighbourhood Centre, as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.*

Any specific restrictions on the use or intended users of the auditor's report and statement(s) about the specific restriction(s) will be set out in the auditor's report.

If my opinion on the financial statements is other than unqualified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form, or have not formed, an opinion, I may decline to express an opinion as a result of this engagement.



Weston King Neighbourhood Centre  
January 2, 2018

### **My Responsibilities**

I will perform the audit in accordance with Canadian auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian auditing standards. Accordingly, we will plan and perform my audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in, or enters, the public domain, we will not provide any third party with confidential information concerning the affairs of Weston King Neighbourhood Centre without Weston King Neighbourhood Centre's prior consent, unless required to do so by legal authority, or the *CPA Code of Professional Conduct*.

The objective of my audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if I identify any of the following matters, they will be communicated to the appropriate level of management:

- a) Misstatements, resulting from error, other than trivial errors;
- b) Fraud or any information obtained that indicates that a fraud may exist;
- c) Any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- d) Significant deficiencies in the design or implementation of internal controls to prevent and detect fraud or error; and
- e) Related-party transactions identified by me that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of my audit. Audits do not usually identify all matters that may be of interest to management and those charged with governance in discharging their responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.



Weston King Neighbourhood Centre  
January 2, 2018

I will consider Weston King Neighbourhood Centre's internal controls to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable me to render an opinion on the effectiveness of internal controls over financial reporting.

#### **Use and Distribution of my Report**

The examination of the financial statements and the issuance of my audit opinion are solely for the use of Weston King Neighbourhood Centre and those to whom my report is specifically addressed by me. I make no representations of any kind to any third party in respect of these financial statements and I accept no responsibility for their use by any third party.

#### **Management's Responsibilities**

Management is responsible for:

#### **Financial Statements**

The preparation and fair presentation of Weston King Neighbourhood Centre's financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Completeness of Information**

- a) Providing me with and making available complete financial records and related data, and copies of all minutes of meetings of shareholders, directors and committees of directors and other matters;
- b) Providing me with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- c) Providing me with information relating to any illegal or possible illegal acts, and all facts related thereto;
- d) Providing me with information regarding all related parties and related-party transactions;
- e) Any additional information that we may request from management for purposes of this audit; and
- f) Providing me with unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

**Fraud and Error**

- a) Internal controls that management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- b) An assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- c) Providing me with information relating to fraud or suspected fraud affecting the entity involving:
  - i) Management,
  - ii) Employees who have significant roles in internal controls, or
  - iii) Others, where the fraud could have a non-trivial effect on the financial statements;
- d) Providing me with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- e) Communicating its belief that the effects of any uncorrected financial statements misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**Recognition, Measurement and Disclosure**

- a) Providing me with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
- b) Providing me with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- c) Providing me with information relating to the measurement and disclosure of transactions with related parties;
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Weston King Neighbourhood Centre  
January 2, 2018

- g) Providing me with information on whether Weston King Neighbourhood Centre has satisfactory title to assets, liens or encumbrances on existing assets, or assets that are pledged as collateral;
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  - i) Directly related to items that are material, either individually or in the aggregate, to the financial statements,
  - ii) Not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement,
  - iii) Relevant to your judgments or estimates that are material, either individually or in the aggregate, to the financial statements, and
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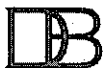
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Weston King Neighbourhood Centre  
January 2, 2018

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This assistance will facilitate my work and will help to minimize my cost. Failure to provide these working papers or documents on a timely basis may impede my services and require me to suspend my services or withdraw from the engagement.

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This engagement letter is subject to and governed by the laws of the Province of Ontario. The Province of Ontario will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

**Dispute Resolution**

You agree that:

- a) Any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation; and
- b) You will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement.



Weston King Neighbourhood Centre  
January 2, 2018

Any mediation initiated as a result of this engagement shall be administered within the Province of Ontario by a mediator to be agreed upon between the parties, according to its mediation rules, and any ensuing litigation shall be conducted within such province, according to provincial law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

**Indemnity**

Weston King Neighbourhood Centre hereby agrees to indemnify, defend (by counsel retained and instructed by me), and hold harmless my Firm and its partners, agents or employees, from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

- a) The breach by Weston King Neighbourhood Centre, or its directors, officers, agents, or employees, of any of the covenants made by Weston King Neighbourhood Centre herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, my engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by my Firm; and
- b) The services performed by me pursuant to this engagement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the negligence of my Firm. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by your company.

I will use all reasonable efforts to complete the engagement as described in this letter within the agreed upon time frames. However, I shall not be liable for failures or delays in the performance that arise from causes beyond my control, including the untimely performance by Weston King Neighbourhood Centre of its obligations.

**Fees**

**Fees at Regular Billing Rates**

My professional fees will be based on my regular billing rates plus direct out-of-pocket expenses and applicable HST and are due when rendered. Fees for any additional services will be established separately.



Weston King Neighbourhood Centre  
January 2, 2018

**Billing**

My fees and costs are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent, and are subject to an interest charge per month. I reserve the right to suspend my services or to withdraw from this engagement in the event that any of my invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to me, you agree to reimburse me for my costs of collection, including lawyers' fees.

**Termination**

If I elect to terminate my services for nonpayment, or for any other reason provided for in this letter, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my report. You will be obligated to compensate me for all the time expended, and to reimburse me for all of my out-of-pocket costs, through to the date of termination.

**Costs of Responding to Government of Legal Process**

In the event I am required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information I obtained and/or prepared during the course of this engagement, or that I may incur subsequent to the termination of this agreement, you agree to compensate me at my normal hourly rate for the time I expend in connection with such response, and to reimburse me for all of my out-of-pocket costs (including applicable HST) incurred. You also agree to reimburse me for assistance I may provide to a successor auditor subsequent to the termination of this agreement.

**Other Services**

In addition to the audit services referred to above, I will, as allowed by the *CPA Code of Professional Conduct*, prepare your corporate and/or charity returns and other special reports as required. Management will provide the information necessary to complete these returns/reports and will file them with the appropriate authorities on a timely basis.

**Use of Information**

It is acknowledged that I will have access to all personal information in your custody that I require to complete my engagement. My services are provided on the basis that:

- a) You represent to me that management has obtained any required consents for collection, use and disclosure of personal information required under applicable privacy legislation; and
- b) I will hold all personal information in compliance with my Firm's Privacy Statement.

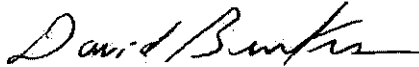
Weston King Neighbourhood Centre  
January 2, 2018

The above terms of my engagement will be effective from year to year until amended or terminated in writing.

If you have any questions about the contents of this letter, please raise them with me. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to me.

I appreciate the opportunity of continuing to be of service to your company.

Yours very truly,



David Burkes, CPA, CA•IFA, CFF, Licensed Public Accountant

Acknowledged and agreed on behalf of Weston King Neighbourhood Centre by:

\_\_\_\_\_

\_\_\_\_\_  
Name and title

Date: \_\_\_\_\_



**David Burkes, B. Com, CPA, CA•IFA, CFF**  
*Chartered Professional Accountant*

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June 22, 2018

Dear Client:

I enclose the following:

*Pia Weston King*

Financial Statements:

1 bound and 4 unbound copies of the financial statements for the year ended December 31, 2017.

Corporate Tax Returns

- a) "Information Return for Corporations Filing Electronically" form T183: **this T2 Corporations Income Tax Return must be filed electronically. Please sign this form where indicated and return to me via fax (905-882-0499) or to Pia via email at pia@burkes.ca.**
- b) A detailed copy of the T2 Corporation Income Tax Return marked "COPY" to be retained for your records.

Registered Charity Information Return

- a) "Registered Charity Information Return" form T3010. **Please follow the instruction sheet attached to complete the return.**
- b) Directors/Trustees and Like Officials Worksheet form T1235. **Please complete accordingly.**
- c) **Please mail the completed T3010 and T1235 to CRA with the pre-labelled envelope provided.**
- d) A copy of the T3010 marked "COPY" to be retained for your records.

Letter of Representation

Two copies of your Letter of Representation. **Please sign and return one copy to my office.**

Board Communication

Two copies of your Board Communication Letter. **Please sign and return one copy to my office.**

Letter of Engagement

Two copies of my Letter of Engagement. **Please sign and return one copy to my office.**

Other Matters

- Letter of recommendation.
- Copies of my adjusting, closing and journal entries.
- Cheques, bank statements and other financial data forwarded to me.
- *Management Letter*

Yours Truly,

*David*

David Burkes, CPA, CA•IFA, CFF, Licensed Public Accountant

**David Burkes, B. Com, CPA, CA-IFA, CFF**  
*Chartered Professional Accountant*

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June 22, 2018

Dear Client:

Please complete the following on the T3010 prior to mailing:

1. Section B1 – List of Directors
2. Section 1 – Wage Information
3. Section 1 – Wage Information
4. Section 1 – Wage Information
5. Section 1 – Wage Information
6. Section E - Certification

Please include the Registered Charity Basic Information sheet with the bar codes along with your return when mailing.

Please do not hesitate to call me should you have any questions.

Yours truly,

David Burkes, CPA, CA-IFA, CFF, Licensed Public Accountant

**Weston King Neighbourhood Centre  
2017 Weston Rd  
Toronto, Ontario  
M9N 1X2**

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January 2, 2018

David Burkes, Chartered Professional Accountant  
30 East Beaver Creek Road, Suite 201  
Richmond Hill, Ontario  
L4B 1J2

Dear Mr. Burkes,

We are providing this letter in connection with your audit of the financial statements of Weston King Neighbourhood Centre as at December 31, 2017 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with accounting principles generally accepted in Canada.

Certain representations in this letter are described as being limited to those matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

In connection with your audit of the financial statements referred to above, we confirm, to the best of our knowledge and belief, as of December 31, 2017, the date of your audit report, the following representations were made to you during your audit:

- 1) We are responsible for the fair presentation in the financial statements of financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. We confirm the financial statements include all disclosures necessary for fair presentation and all disclosures otherwise required to be included therein by the laws and regulations to which the Company is subject.

We acknowledge that we are responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.

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 and all significant facts relating to any fraud or suspected frauds known to management that may have affected the entity.

We have no significant deficiencies in the design or operation of internal controls, which would adversely affect our ability to record, process, summarize and report financial data based upon our most recent evaluation.

We are not aware of any material accounts, transactions or agreements not fairly described and properly recorded in the accounting records underlying the financial statements and in the financial statements on a consistent basis.

We approve of all journal entries as attached.

The accounting records segregate, where appropriate, all transactions between the Company and its directors, officers, shareholders and affiliates. Further, we are aware of and concur with the contents and results of the journal entries prepared by you and accept responsibility for the financial statements effects of the entries.

We confirm our understanding that your audit was directed to the determination of whether the financial statements were prepared in accordance with Canadian generally accepted accounting principles. We also understand that your audit was conducted in accordance with auditing standards generally accepted in Canada and that your tests were limited to those which you consider necessary in the circumstances. We further understand that because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any system of internal controls, there is an unavoidable risk that some material misstatements in the financial statements due to errors, fraud or illegal acts if any should exist, could remain undiscovered.

- 2) We have made available to you all financial and accounting records, related data and minutes of all meetings of shareholders and directors (including committees appointed by either of those groups) held throughout the period and to the present date.
- 3) With the possible exception of items immaterial, individually and in total:
  - a) All assets of the Company are included in the financial statements. The Company has satisfactory title to all owned assets and such assets have been properly valued and recorded in the accounts, and represent continuing benefit to the Company.

- b) Where the value of any asset is impaired, this fact has been reflected in the financial statements.
  - c) Accounts receivable shown in the balance sheet represents bona fide claims against debtors for charges arising on or before December 31, 2017. The amount carried for doubtful accounts and allowances is sufficient to provide for any losses, which may be sustained on realization of those receivables.
  - d) All loans, encumbrances or security interests having consequence on any asset of the Company are disclosed in the financial statements.
  - e) All liabilities of the Company at the balance sheet date are included in the financial statements.
  - f) All claims and possible claims which existed at the balance sheet date or exist now, have been disclosed to you.
  - g) There are no off-balance sheet financial instruments.
  - h) No contingent gains or losses existed at the balance sheet date or exist now in respect of bills discounted, contracts, guarantees, whether written or oral, letters of comfort or otherwise.
  - i) The Company has identified the environment and related legislation and regulations to which it is subject and which, if violated, could reasonably be expected to result in a material misstatement in the financial statements and has identified all of its operations and assets subject thereto. All related obligations have been properly accrued in accordance with Canadian generally accepted accounting principles.
  - j) There are no agreements to repurchase assets previously sold.
  - k) Adequate provision has been made for known or anticipated losses as of the date of this letter.
- 4) There has been no:
- i) Fraud involving management or employees who have significant roles in the Company's internal controls;
  - ii) Fraud involving others that could have a material effect on the financial statements. We understand the term "fraud" to mean those matters described in the CAS 240, Auditor's responsibilities relating to fraud in an audit of financial statements; and



- iii) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- 5) All related parties and related amounts receivable by or payable to the Company have been identified to you and all transactions therewith, including sale and purchase transactions which have not been given accounting recognition (such as management services without charge), loans, transfers, leasing arrangements and guarantees have been identified and disclosed to you and appropriately disclosed in the financial statements.
  - 6) All actions taken by the Company were within its corporate powers and all its statutory and regulatory obligations have been satisfied.
  - 7) The Company has complied with all aspects of debt and other contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
  - 8) We have made available to you all relevant information on the Company's ability to continue as a going concern that could affect the financial statements, including the recoverability or classification of recorded assets or the amounts and classification of liabilities. The use of the going-concern assumption is appropriate and the Company will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business. We have no plans or intentions that may materially and detrimentally affect the carrying value of the assets or liabilities.
  - 9) The nature of all material uncertainties, where the amount recognized in the financial statements could differ by a material amount from other reasonably possible amounts, is disclosed in the financial statements. Furthermore, where an estimate is subject to such material uncertainty and it is reasonably possible that the estimate will change within one year from the date of the financial statements, the financial statements also disclose the extent of the uncertainty.
  - 10) Management is not aware of any illegal or possibly illegal acts committed by the Company's directors, officers or employees acting on the Company's behalf, the consequences of which could result in a significant misstatement of the financial statements.
  - 11) No events have occurred subsequent to December 31, 2017 that would require adjustment to, or disclosure in, the financial statements with the exception of what is disclosed in this letter. In addition, we know of no other events or conditions since December 31, 2017 that, although not affecting such financial statements have caused, or are likely to cause material change, adverse or otherwise, in the financial position, results of operations, or changes in financial position of the Company.

- 12) No significant matters have arisen that would require a restatement of the comparative financial statements.
- 13) Re-Appointment  
We hereby confirm your re-appointment as auditors of the Company for the year ended December 31, 2018 according to the terms outlined in your letter of engagement.

Yours truly,

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Weston King Neighbourhood Centre

Position: \_\_\_\_\_

**Weston King Neighbourhood Centre  
2017 Weston Rd  
Toronto, Ontario  
M9N 1X2**

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January 2, 2018

David Burkes, Chartered Professional Accountant  
30 East Beaver Creek Road, Suite 201  
Richmond Hill, Ontario  
L4B 1J2

Dear Mr. Burkes,

We are providing this letter in connection with your audit of the financial statements of Weston King Neighbourhood Centre as at December 31, 2017 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with accounting principles generally accepted in Canada.

Certain representations in this letter are described as being limited to those matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

In connection with your audit of the financial statements referred to above, we confirm, to the best of our knowledge and belief, as of December 31, 2017, the date of your audit report, the following representations were made to you during your audit:

- 1) We are responsible for the fair presentation in the financial statements of financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. We confirm the financial statements include all disclosures necessary for fair presentation and all disclosures otherwise required to be included therein by the laws and regulations to which the Company is subject.

We acknowledge that we are responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.

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 and all significant facts relating to any fraud or suspected frauds known to management that may have affected the entity.

We have no significant deficiencies in the design or operation of internal controls, which would adversely affect our ability to record, process, summarize and report financial data based upon our most recent evaluation.

We are not aware of any material accounts, transactions or agreements not fairly described and properly recorded in the accounting records underlying the financial statements and in the financial statements on a consistent basis.

We approve of all journal entries as attached.

The accounting records segregate, where appropriate, all transactions between the Company and its directors, officers, shareholders and affiliates. Further, we are aware of and concur with the contents and results of the journal entries prepared by you and accept responsibility for the financial statements effects of the entries.

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  - k) Adequate provision has been made for known or anticipated losses as of the date of this letter.
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- i) Fraud involving management or employees who have significant roles in the Company's internal controls;
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- 12) No significant matters have arisen that would require a restatement of the comparative financial statements.
- 13) Re-Appointment  
We hereby confirm your re-appointment as auditors of the Company for the year ended December 31, 2018 according to the terms outlined in your letter of engagement.

Yours truly,



Weston King Neighbourhood Centre

Position: Treasurer



June 21, 2018

Board of Directors  
Weston King Neighbourhood Centre  
2017 Weston Road  
Toronto, Ontario  
M9N 1X2

Dear Members of the Board,

Generally Accepted Auditing Standards now require that I communicate directly with those responsible with oversight responsibility before, while and after I undertake the audit process.

Auditing has now become "risk based", and to this end, the auditor must assess risk at various levels. Accordingly, we complete specific forms to ensure that we have been able to identify risks that might be both apparent and not so apparent.

It is also important that, as auditors we communicate annually with the Board of Directors to ensure that they too understand the concept of risk during the audit process. Often where there are points on which we wish to make comment, we will issue a Letter of Recommendation which is intended to improve internal controls and various operating procedures.

The purpose of this letter is to communicate directly with the Board with respect to various matters as will be outlined below. I ask that you review the assertions below, and once you are in agreement with them or you wish to add further commentary, please do so and then sign and return this letter to me as soon as possible.

As the Board of Directors, we wish to assert to you that:

- We are not aware of any fraud that has occurred during the last fiscal year and to the date of your audit. If there has been fraud either resolved or unresolved to the date of this letter, we have prepared a separate attachment for you describing the circumstances of the fraud and whether or not it has been resolved. If the fraud has not been resolved we have indicated so in the attached memo.
- We are not aware of any litigation or potential litigation that has occurred during the last fiscal year or to the date of your audit. If there was litigation that was resolved during the year, we have provided you with complete details. Where there is ongoing litigation we have provided you with details of this litigation in an attached memo and we are aware that you will be communicating directly with our lawyer in this regard.



- We have reviewed the internally prepared interim financial statements as provided to us during the course of the year and to the date of your audit. We are satisfied that to the best of our knowledge these internally prepared interim financial statements are reasonable and all questions we have posed have been answered to our satisfaction.
- Minutes to Board meetings are up to date, complete and accurate both for the last fiscal year and to the date of your audit.

At this time, I would like to thank you for retaining the firm as your auditors and we look forward to working with you during the course of this audit and in future years.

Please feel free to contact me at any time with respect to this letter or any other matters which you wish to discuss.

I would be pleased to meet with the Board at their convenience to discuss any matters with which you feel are immediate assistance to you.

Yours truly,



David Burkes, CPA, CA-IFA, CFF, Licensed Public Accountant

We are in agreement with the comments above and we are not aware of any circumstances that would affect your ongoing audit procedures.

\_\_\_\_\_  
Director

Date \_\_\_\_\_

\_\_\_\_\_  
Director

Date \_\_\_\_\_





June 21, 2018

Board of Directors  
Weston King Neighbourhood Centre  
2017 Weston Road  
Toronto, Ontario  
M9N 1X2

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- Minutes to Board meetings are up to date, complete and accurate both for the last fiscal year and to the date of your audit.

At this time, I would like to thank you for retaining the firm as your auditors and we look forward to working with you during the course of this audit and in future years.

Please feel free to contact me at any time with respect to this letter or any other matters which you wish to discuss.

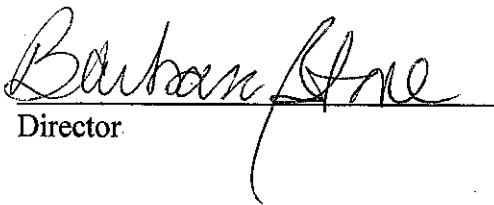
I would be pleased to meet with the Board at their convenience to discuss any matters with which you feel are immediate assistance to you.

Yours truly,



David Burkes, CPA, CA•IFA, CFF, Licensed Public Accountant

We are in agreement with the comments above and we are not aware of any circumstances that would affect your ongoing audit procedures.



Director

Date June 29 2018

\_\_\_\_\_  
Director

Date \_\_\_\_\_





June 20, 2018

Board of Directors  
Weston King Neighbourhood Centre  
2017 Weston Road  
Toronto, Ontario  
M9N 1X2

Dear Members of the Board,

We have now completed the 2017 audit for Weston King Neighbourhood Centre (WKNC). At this time I wish to thank Shawna, Sophie, and Barbara for their complete cooperation during the course of our audit.

During the course of our audit, we noted two matters upon which we wish to make comment. The purpose of our comments is to improve the reporting efficiency of the organization and is not meant to be critical of any individual within the organization.

### **HST REBATE FILINGS**

During the course of our audit, we noticed our previous recommendation was not implemented this year. WKNC still has yet to file applications for the Public Service Body (“PSB”) HST rebate. Consequently, there is a large receivable outstanding on the books in the amount of \$30,205, for the period from July 1, 2013 through December 31, 2017. Rebate applications must be filed within 4 years of the period end. Rebates applications that are late filed will not be considered. Since it has been over 4 years for the period July 1, 2013 to June 30, 2014, this period will no longer qualify for the rebate. We strongly recommend that PSB rebates be filed immediately for period from July 1, 2014 through December 31, 2017 in order to recover the eligible amount.

In addition, we noted that the organization does not segregate the amount of HST paid on eligible expenses. Consequently, it is very difficult to keep track of the HST amounts paid and subsequently calculate the rebate portion of the HST. In order to improve the reporting efficiency of the organization, we recommend that the organization record the HST paid on expenses in a separate account. This will improve the reporting accuracy with respect to the HST rebate.

## **BOOKKEEPING AND MAINTENANCE OF RECORDS**

We noted that during the course of our audit that the bookkeeping function was being jointly fulfilled by both a bookkeeper and an administrator on a part-time basis. This created confusion and resulted in inefficiencies in tracing the activities during the fiscal year. It is recommended that the person responsible for preparing the books and records of WKNC also be responsible for organizing and maintaining the records and supporting documents in an orderly manner. This will ensure transactions can easily be traced from the general ledger to relevant supporting documentation, and facilitate a smooth year-end audit process.

Again, I would like to thank Shawna, Sophie, and Barbara for their complete cooperation during the course of the audit.

I would be pleased to discuss the comments and recommendations as contained within this letter with you at your convenience.

Yours truly,



David Burkes, CPA, CA•IFA, CFF, Licensed Public Accountant

DB/sc

