

# *Toronto Public Library Board*

*2015 year-end report  
to the Board*

*Prepared as of  
April 28, 2016*





April 28, 2016

The Board Members  
Toronto Public Library Board

Dear Board Members:

We have substantially completed our audit of the financial statements of the Toronto Public Library Board (the Library) prepared in accordance with Canadian public sector accounting standards (PSAS) for the year ended December 31, 2015. We propose to issue an unqualified report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included in Appendix A.

We prepared the accompanying report to assist you in your review of the financial statements. It includes an update on the status of our work, as well as a discussion on the significant accounting and financial reporting matters dealt with during the audit process.

We will review the key elements of this report at the upcoming meeting and discuss our findings with you.

We would like to express our sincere thanks to the management and staff who have assisted us in carrying out our work, and we look forward to your meeting on May 30, 2016. If you have any questions or concerns prior to the Board meeting, please do not hesitate to contact me in advance.

Yours very truly,

Chartered Professional Accountants, Licensed Public Accounts

*PricewaterhouseCoopers LLP*  
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2  
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\*PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

## Communications to the Board

<b>Key matters for discussion</b>	<b>Comments</b>
Status of the audit	<p>PricewaterhouseCoopers LLP (PwC or we) have substantially completed our audit of the financial statements (the financial statements).</p> <p>Significant outstanding items at time of mailing include the following:</p> <ul style="list-style-type: none"> <li>• Update on legal confirmations;</li> <li>• Board approval of the financial statements;</li> <li>• Subsequent events procedures;</li> <li>• Management representation letter.</li> </ul>
<b>Significant audit risk</b>	
<b>Management override of controls</b>	<p>To address the risk of management override of controls, and as part of our fraud procedures, we reviewed a sample of manual journal entries to ensure they are appropriate, and that they have been approved. No matters arose that require your attention.</p> <p>In addition, we performed an unpredictable procedure and tested the approval over new vendors that had purchases under \$3,000. There were no significant matters to bring to your attention.</p>
<b>Other matter for discussion</b>	
Liability for contaminated sites	<p>Effective January 1, 2015, Public Sector Accounting Standards require that a government body recognize a liability for remediation of contaminated sites when the government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate for the amount can be made.</p> <p>We reviewed management's assessment of the land and buildings owned by the Board and did not note any instances of contamination and therefore no liability has been recorded.</p>
<b>Other required communications</b>	
Fraud and illegal acts	<p>No fraud involving senior management, or employees with a significant role in internal control or that would cause a material misstatement of the financial statements and no illegal acts came to our attention as a result of our audit procedures.</p> <p>We wish to reconfirm that the Board is not aware of any known, suspected or alleged incidents of fraud or illegal acts not previously discussed with us.</p>

<b><i>Key matters for discussion</i></b>	<b><i>Comments</i></b>
<b>Internal control recommendations</b>	We have no significant internal control recommendations to report for the current year.
<b>Subsequent events</b>	<p>No subsequent events which would impact the financial statements other than those disclosed have come to our attention.</p> <p>We would like to reconfirm that the Board is not aware of any other subsequent events that might affect the financial statements.</p>
<b>Significant difficulties or disagreements that occurred during the audit</b>	No difficulties or disagreements occurred while performing our audit that requires the attention of the Board.
<b>Unadjusted or adjusted differences</b>	<p>Final materiality level determined for the year ended December 31, 2015 was \$6,160,000 (previously communicated a materiality level of \$6,000,000) as a result of actual results being higher than the initial estimate.</p> <p>As a result of our testing, we identified an overstatement of lease commitments of \$1,448,875 due to lease agreements not yet signed or approved at December 31, 2015. This adjustment has been adjusted in the financial statements.</p> <p>We also identified an understatement of both accounts receivable from City of Toronto and accounts payable to City of Toronto of \$3,152,325 due to the offsetting of financial assets and financial liabilities. This has not been adjusted in the financial statements.</p>
<b>Management's representations</b>	Under Canadian GAAS, we are required to inform you of the representations we are requesting from management. A copy of the management representation letter is included in Appendix B.
<b>Significant related party transactions</b>	PwC reviewed related party transactions conducted in the normal course of operations related to the transfer of grants from the Foundation or the City of Toronto to the Board and the allocation of certain shared costs. No other non-routine transactions were noted.

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. Comments and conclusions should only be taken in context of the financial statements as a whole, as we do not mean to express an opinion on any individual item or accounting estimate. This report has been prepared solely for your use. It was not prepared for, and is not intended for, any other purpose. No other person or entity shall place any reliance upon the accuracy or completeness of statements made herein. PwC does not assume responsibility to any third party, and, in no event, shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person or entity other than you.

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## ***Appendix A: Draft auditor's report***

See Final Financial Statements –  
December 31, 2015  
Report No. 17 –  
Attachment 1

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## ***Appendix B: Draft management representation letter***



May 30, 2016

PricewaterhouseCoopers LLP  
PwC Tower  
18 York Street, Suite 2600  
Toronto, Ontario  
M5J 0B2

We are providing this letter in connection with your audit of the financial statements of Toronto Public Library Board (The Board) as at December 31, 2015 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 Board in accordance with Canadian public sector accounting standards.

**Management's responsibilities**

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 30, 2015. In particular, we confirm to you that:

- We are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards;
- We are responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

**Preparation of financial statements**

The financial statements include all disclosures necessary for fair presentation in accordance with Canadian public sector accounting standards and disclosures otherwise required to be included therein by the laws and regulations to which The Board is subject.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. sub ledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to a profit and loss account and vice versa. All inter-governmental unit accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

### **Accounting policies**

We confirm that we have reviewed The Board's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in The Board's particular circumstances to present fairly in all material respects its financial position, results of operations, and cash flows in accordance with Canadian public sector accounting standards.

### **Internal controls over financial reporting**

We have designed disclosure controls and procedures to ensure material information relating to The Board is made known to us by others.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with Canadian public sector accounting standards.

We have not identified any deficiency in the design or operations of disclosure controls and procedures and internal control over financial reporting identified as part of our assessment as at December 31, 2015.

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware.

### **Disclosure of information**

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
  - Contracts and related data;
  - Information regarding significant transactions and arrangements that are outside the normal course of business;
  - Minutes of the meetings of the Board and committees of the Board. The most recent meetings held were May 30, 2016.
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

We have no knowledge of any allegations of fraud or suspected fraud affecting The Board received in communications from employees, former employees, analysts, regulators, short sellers, or others.

### **Completeness of transactions**

All contractual arrangements entered into by The Board with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

### **Fraud**

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;
- All information in relation to fraud or suspected fraud of which we are aware affecting The Board involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- All information in relation to any allegations of fraud, or suspected fraud, affecting The Board's financial statements, communicated by employees, former employees, analysts, regulators or others.

**Compliance with laws and regulations**

We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We are not aware of any illegal or possibly illegal acts committed by The Board's directors, officers or employees acting on The Board's behalf.

**Accounting estimates and fair value measurements**

Significant assumptions used by The Board in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with The Board's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section PS 2130, Measurement Uncertainty, have been appropriately disclosed.

**Related parties**

We confirm the completeness of information provided to you regarding the identification of the Board's related parties as defined by Canadian Auditing Standard 550, *Related Parties*. We also confirm the completeness of information provided to you regarding the nature of our relationships with and transactions involving those entities.

The identity, relationship of and balances and transactions with related parties have been properly recorded and adequately disclosed in the financial statements, as required by Canadian public sector accounting standards.

The list of related parties attached to this letter as Appendix A accurately and completely describes the Board's related parties and the relationships with such parties.

**Going concern**

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

**Assets and liabilities**

We have satisfactory title or control over all assets. All liens or encumbrances on our assets and assets pledged as collateral, to the extent material, have been disclosed in the financial statements.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which The Board is contingently liable in accordance with the CPA Canada Public Sector Accounting Handbook Section PS 3300, Contingent Liabilities, have been disclosed to you and are appropriately reflected in the financial statements.

**Litigation and claims**

All known actual or possible litigation and claims, which existed at the statement of financial position date or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian public sector accounting standards, whether or not they have been discussed with legal counsel.

**Misstatements detected during the audit**

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

We confirm that the financial statements are free of material misstatements, including omissions.

There was one adjusted misstatement identified during your audit which is an overstatement of lease commitments of \$1,448,875 due to lease agreements not yet signed or approved at December 31, 2015. This adjustment has been approved by us and adjusted in the financial statements.

We confirm there is one unadjusted misstatement identified during your audit which is an understatement of both accounts receivable from City of Toronto and accounts payable to City of Toronto of \$3,152,325 due to offsetting of financial assets and financial liabilities.

The effect of the uncorrected and corrected misstatements in the financial statements, is summarized in the accompanying schedule (Appendix B).

**Cash and banks**

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of The Board.

All cash balances are under the control of The Board, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of The Board.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of The Board are included in the financial statements as at December 31, 2015.

**Statements of operations, changes in net debt**

All transactions entered into by The Board have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations and changes in net debt.

The accounting principles and policies followed throughout the year were consistent with prior year's practices (except as disclosed in the financial statements).

**Accounts receivable**

All amounts receivable by The Board were recorded in the books and records.

Amounts receivable amounted to \$8,847,939 and are considered to be fully collectible.

Amounts receivables are not subject to discount except for normal cash discounts which are appropriately provided for.

All receivables were free from hypothecation or assignment as security for advances to The Board, except as hereunder stated.

The Board has disclosed to us all transfers of receivables (including securitizations) that have occurred during the period ended December 31, 2015.

Receivables, other than transfers receivable accounted for in accordance with the CPA Canada Public Sector Accounting Handbook Section PS 3410, Government transfers and taxes receivable accounted for in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3510, Tax Revenue, recorded in the financial statements, represent bona fide claims against debtors for sales or other charges arising on or before balance sheet date and are not subject to discount except for normal cash discounts.

#### **Tangible capital assets**

All charges to capital asset accounts represented the actual cost of additions or the fair value at the date of contribution.

All contributed tangible capital assets have been recorded at fair value at the date of the contribution.

No significant capital asset additions were charged to repairs and maintenance or other expense accounts.

Book values of capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Capital assets owned by The Board are being depreciated on a systematic basis over their estimated useful lives, and the provision for depreciation was calculated on a basis consistent with that of the previous date. During the year, we reviewed the appropriateness of the depreciation policy and estimate of useful lives for tangible capital assets, taking into account all pertinent factors. Any changes in our assessment from the prior year have been adequately disclosed and reflected in the financial statements.

All lease agreements covering property leased by or from The Board have been disclosed to you and classified in accordance with CPA Canada Public Sector Accounting Handbook Guideline PSG-02, Leased Tangible Capital Assets. Leased tangible capital assets are being amortized on a systematic basis over the period of expected use.

There have been no events, conditions or changes in circumstances that indicate that a capital asset no longer contributes to The Board's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. We believe that the carrying amount of The Board's long-lived capital assets is fully recoverable in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3150.

#### **Liability for contaminated sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the Board is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made.

Management has performed an assessment of all land and buildings as at December 31, 2015 and did not identify any sites that met the recognition criteria and therefore no liability has been recorded.

**Long-term debt**

All borrowings and financial obligations of The Board of which we are aware are included in the financial statements as at December 31, 2015, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

**Deferred revenue**

All material amounts of deferred revenue were appropriately recorded in the books and records.

**Retirement benefits, post-employment benefits, compensated absences and termination benefits**

All arrangements to provide retirement benefits, post-employment benefits, compensated absences and termination benefits have been identified to you and have been included in the actuarial valuation as required.

The actuarial valuation dated December 31, 2015 incorporates management's best estimates, detailed below.

The actuarial assumptions and methods used to measure liabilities and costs for financial accounting purposes for pension and other post-retirement benefits are appropriate in the circumstances.

The Board does not plan to make frequent amendments to the pension or other post-retirement benefit plans.

All changes to the plan and the employee group and the plan's performance since the last actuarial valuation have been reviewed and considered in determining the plan expense and the estimated actuarial present value of accrued pension benefits and value of plan assets.

The Board's actuaries have been provided with all information required to complete their valuation as at December 31, 2015.

The employee future benefit costs, assets and obligations have been determined, accounted for and disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3250, *Retirement Benefits* and CPA Canada Public Sector Accounting Handbook Section PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*. In particular:

- The significant accounting policies that The Board has adopted in applying CPA Canada Public Sector Accounting Handbook Section PS 3250 and CPA Canada Public Sector Accounting Handbook Section PS 3255 are accurately and completely disclosed in the notes to the financial statements. Each of the best estimate assumptions used reflects management's judgment of the most likely outcomes of future events.
- The best estimate assumptions used are, as a whole, internally consistent, and consistent with the asset valuation method adopted.
- The discount rate used to determine the accrued benefit obligation was determined by reference to The City's borrowing rate using assumptions that are internally consistent with other actuarial assumptions used in the calculation of the accrued benefit obligation and plan assets.
- The assumptions included in the actuarial valuation are those that management instructed Morneau Shepell to use in computing amounts to be used by management in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3250.

In arriving at these assumptions, management has obtained the advice of Morneau Shepell but has retained the final responsibility for the assumptions.

The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

The percentage of the fair value of total plan assets represented by each major category held at the measurement date is not disclosed because it is not expected to be useful in understanding the risks and expected long-term rate of return for the plan assets.

All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.

**Environmental matters**

There are no liabilities or contingencies arising from environmental matters that have not already been disclosed to the auditor.

Liabilities or contingencies related to environmental matters have been recognized, measured and disclosed, as appropriate, in the financial statements.

We have considered the effect of environmental matters and the carrying value of the relevant assets is recognized, measured and disclosed, as appropriate, in the financial statements.

All commitments related to environmental matters have been measured and disclosed, as appropriate in the financial statements.

**Budgetary data**

We have included budgetary data in our financial statements, which is relevant to the users of the financial statements and consistent with that originally planned and approved. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.

**Events after balance sheet date**

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Yours truly,

**Toronto Public Library Board**

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Vickery Bowles, City Librarian

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Larry Hughsam, Director of Finance

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Wayne Lam, Manager of Accounting and Payroll

## **Appendix A – Related parties**

### ***Board Members\*:***

Mr. Ron Carinci, Chair  
Ms. Lindsay Colley, Vice Chair  
Mr. Paul Ainslie  
Ms. Ana Bailão  
Ms. Sarah Doucette  
Ms. Mary Fragedakis  
Ms. Sue Graham-Nutter  
Ms. Dianne LeBreton  
Mr. Strahan McCarten  
Mr. Ross Parry  
Ms. Archana Shah  
Ms. Eva Svec

### ***Senior Management\*:***

Vickery Bowles, City Librarian  
Larry Hughsam, Director of Finance and Treasurer

\*Although not explicitly listed, immediate family members are considered included as related parties by this reference.

Toronto Public Library Foundation  
American Foundation for Toronto Public Library

### ***City of Toronto***

#### **Entities associated with City of Toronto as follows:**

##### ***Agencies, Boards and Commissions:***

- Board of Governors of Exhibition Place
- Casa Loma Corporation
- Heritage Toronto
- Lakeshore Arena Corporation
- The North York Performing Arts Centre Corporation
- The Sony Centre for the Performing Arts
- St. Lawrence Centre for the Arts
- Toronto Atmospheric Fund ("TAF")
- Toronto Board of Health
- Toronto Community Housing Corporation ("TCHC")
- Toronto Licensing Commission
- Toronto Police Services Board

- Toronto Pan Am Sports Centre Inc. ("TPASC") (50% proportionately)
- Board of Management of the Toronto Zoo
- Toronto Transit Commission ("TTC")
- Toronto Waterfront Revitalization Corporation ("TWRC") (1/3rd proportionately)
- Yonge-Dundas Square
- Build Toronto Inc
- Invest Toronto Inc.

**Arenas:**

- Forest Hill Memorial
- George Bell
- Leaside Memorial Community Gardens
- McCormick Playground
- Moss Park
- North Toronto Memorial
- Ted Reeve Community
- William H. Bolton

**Community Centres:**

- 519 Church Street
- Applegrove
- Cecil Street
- Central Eglinton
- Community Centre 55
- Eastview Neighbourhood
- Harbourfront
- Ralph Thornton
- Scadding Court
- Swansea Town Hall

**Business Improvement Areas:**

- Albion/Islington Square
- Baby Points Gates
- Bloor Annex
- Bloor by the Park
- Bloorcourt Village
- Bloordale Village
- Bloor Street
- Bloor West Village
- Bloor-Yorkville
- Cabbagetown
- Chinatown
- Church-Wellesley Village
- College Dufferin
- College Promenade
- Corso Italia
- Crossroads of the Danforth
- Danforth Mosaic
- Danforth Village
- Dovercourt Village
- Downtown Yonge
- Dufferin Finch
- Dundas West
- Eglinton Hill
- Emery Village
- Fairbank Village
- Financial District
- Forest Hill Village
- Gerrard India Bazaar
- Greektown on the Danforth
- Harbord Street
- Hillcrest Village
- Historic Queen East
- Junction Gardens
- Kennedy Road
- Kensington Market
- Kingsway
- Korea Town
- Lakeshore Village
- Leslieville
- Liberty Village
- Little Italy
- Little Portugal
- Long Branch
- Mimico by the Lake
- Mimico Village
- Mirvish Village
- Mount Dennis
- Mount Pleasant

- Oakwood Village
- Pape Village
- Parkdale Village
- Queen Street West
- Regal Heights Village
- Riverside
- Roncesvalles Village
- Rosedale Main Street
- Sheppard East Village
- St. Clair Gardens
- St. Lawrence Market
- Neighbourhood
- The Beach
- The Danforth
- The Dupont Strip
- The Eglinton Way
- ShoptheQueensway.com
- The Waterfront
- Toronto Entertainment
- Trinity Bellwoods
- Upper Village
- Uptown Yonge
- Village of Islington
- West Queen West
- Weston Village
- Wexford Heights
- Wilson Keele
- Wychwood Heights
- Yonge-Lawrence Village
- York-Eglinton

#### **Government business enterprises (GBEs)**

- Enwave Energy Corporation ("Enwave")
- Toronto Hydro Corporation
- Toronto Parking Authority
- City of Toronto Economic Development Corporation c.o.b. Toronto Port Lands
- Company ("TPLC") (recognized as a GBE effective January 1, 2011)

## Appendix B – Summary of unadjusted and adjusted misstatements

### a) Unadjusted items

<b>Description</b>	<b>Excess of revenue over expenses</b>	<b>Statement of financial position</b>		
	(under) over stated	<b>Assets</b> under (over) stated	<b>Liabilities</b> (under) over stated	<b>Net assets</b> (under) over stated
<i>To account for offsetting of City of Toronto receivable December 31, 2015</i>				
DR. Accounts receivable		(3,152,325)		
CR. Accounts payable			3,152,325	
<b>Total</b>	<b>\$nil</b>	<b>(\$3,152,325)</b>	<b>\$3,152,325</b>	<b>\$nil</b>

### b) Adjusted items

Within note 6 to the financial statements, note disclosure has been adjusted to reflect an overstatement of lease commitments of \$1,448,875 due to lease agreements not yet signed or approved at December 31, 2015.