F I N A N C I A L S T A T E M E N T S

For

COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

For the year ended

DECEMBER 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

CITY OF TORONTO AND
COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

We have audited the accompanying financial statements of the Committee of Management of George Bell Arena, which comprise the statement of financial position as at December 31, 2013, statements of operations, change in net financial assets (liability) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Committee of Management of George Bell Arena as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of the Committee of Management of George Bell Arena for the year ended December 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on March 21, 2013.

Welch LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 22, 2014.

COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash	$ 65,397	$ 79,540
Accounts receivable - ice rentals and other	12,762	10,419
Due from City of Toronto - operating deficit (note 5)	9,116	-
Recoverable from City of Toronto - energy retrofit (note 6)	28,802	60,108
Accounts receivable - City of Toronto (note 9)	246,615	258,717
Recoverable from City of Toronto - dehumidifer (note 7)	89,416	-
Prepaid expenses	535	535
Inventory	4,149	6,705
	456,792	416,024
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities - Other	31,406	46,080
Due to the City of Toronto - surplus (note 5)	-	4,118
Deferred revenue	34,969	32,001
Loan payable to City of Toronto (note 8)	128,802	60,108
City of Toronto - working cash advance	15,000	15,000
Post-employment benefits payable (note 9)	246,615	258,717
	456,792	416,024
NET FINANCIAL ASSETS (LIABILITY)	-	-
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	71,533	-
ACCUMULATED SURPLUS	$ 71,533	$ -

Approved by the Board:

.... Chair

.... Member

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Revenue		
Ice rentals	$ 503,071	$ 490,021
Summer floor rental	3,681	3,862
Snack bar and vending machine operations (Schedule A)	6,547	8,418
Pro shop operations (Schedule A)	(770)	(1,540)
Facility rentals	16,713	17,145
Other	2,129	19,464
Funding from the City of Toronto for employee related costs (note 9)	(12,102)	(11,601)
	519,269	525,769
Expenses		
Salaries and wages	242,719	248,800
Utilities	86,091	85,933
Employee benefits (note 9)	76,587	75,129
Repairs and maintenance	60,476	59,591
Amortization	17,883	-
Insurance	10,234	9,715
General administration	9,318	6,636
Professional fees	4,861	9,355
Interest on long-term debt	750	-
	508,919	495,159
Excess revenue over expenses before the following	10,350	30,610
Energy retrofit program debt repayment (note 8)	(31,306)	(15,653)
Vehicle and equipment replacement reserve (note 10)	(10,000)	(11,000)
Operating surplus (deficit)	(30,956)	3,957
Net expenditure receivable from (revenue payable to) the City of Toronto (note 5)	13,073	(3,957)
Annual deficit	(17,883)	-
Accumulated surplus, beginning of year	-	-
Capital contribution	89,416	-
Accumulated surplus, end of year	$ 71,533	$ -

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITY)

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Annual surplus (deficit)	$ (17,883)	$ -
Acquisition of tangible capital assets	(89,416)	-
Amortization of tangible capital assets	17,883	-
Capital contribution	89,416	-
Change in net financial assets (liability)	-	-
Net financial assets (liability), beginning of year	-	-
Net financial assets (liability), end of year	$ -	$ -

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	$ (17,883)	$ -
Adjustments for:		
Amortization	17,883	-
	-	-
Non-cash changes to operations:		
Accounts receivable - ice rentals and other	(2,343)	13,197
Inventory	2,556	2,471
Recoverable from City of Toronto - energy retrofit	31,306	15,653
Accounts payable and accrued liabilities - City of Toronto	-	(29,912)
Accounts payable and accrued liabilities - Other	(14,674)	2,034
Deferred revenue	2,968	(645)
Due from/to City of Toronto - deficit/surplus	(13,234)	10,589
Cash flows from operating activities	6,579	13,387
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(89,416)	-
Cash flows used in capital transactions	(89,416)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances of long term loan from City of Toronto	100,000	-
Repayment of energy retrofit loan to City of Toronto	(31,306)	(15,653)
Cash flows from (used in) financing activities	68,694	(15,653)
DECREASE IN CASH	(14,143)	(2,266)
CASH, BEGINNING OF YEAR	79,540	81,806
CASH, END OF YEAR	$ 65,397	$ 79,540

(See accompanying notes)

1. NATURE OF OPERATIONS

The Committee of Management of George Bell Arena was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25 of the City of Toronto Municipal Code, by By-law No. 21259, as amended. The Committee of Management operates and manages the Arena on behalf of the City of Toronto.

Under the By-Law, the Committee of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Committee over and above that necessary to pay all the charges, costs and expenses resulting from or incidental to the management and control of the premises.

The Committee of Management retains a working cash advance provided by the City, for the management and control of the premises, to be returned to the City upon the Committee of Management ceasing to function for any reason.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (PSAB).

Revenue recognition

Revenues and expenditures are recorded on an accrual basis, when the service has been provided, evidence of an arrangement exists, the fee is fixed and determinble and the amount is collectible.

Ice rentals paid in advance are recorded as deferred revenue.

Financial instruments

The arena initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, amounts due from the City of Toronto and amounts recoverable from the City of Toronto.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, amounts due to the City of Toronto and loan payable to the City of Toronto.

Inventories

Inventories held for resale are initially recorded at cost and subsequently measured at the lower of cost and net realizable value. The cost is determined on a first-in, first-out basis.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Computer equipment	- 3 years straight-line
Furniture and equipment	- 5 years straight-line

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

Contributed materials and services

Major capital expenditures are financed by the City of Toronto, which owns the facility. Major capital expenditures and services provided without charge by the City are not recorded in these financial statements.

Employee related costs

The Arena has adopted the following policies with respect to employee benefit plans:

(a) The City of Toronto offers a multiemployer defined benefit pension plan to the Arena's employees. Due to the nature of the plan, the Arena does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multiemployer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

(b) The Arena also offers its eligible employees a defined benefit health and dental plan, a long term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Arena recognizes an accrued benefit liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains / losses.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining useful life of its tangible capital assets, assessing the allowance of doubtful accounts, significant accrued liabilities and the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and in any future years affected.

3. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Arena's financial instruments.

Credit Risk

The Arena is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Arena's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable and amounts due from the City of Toronto. The Arena's cash is with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote.

Management believes that the Arena's credit risk with respect to accounts receivable is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Arena's cash earns interest at prevailing market rates and the interest rate exposure related to this financial instrument is negligible.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Arena will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities, amount due to the City of Toronto and loan payable.

The Arena manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Arena believes its overall liquidity risk to be minimal as the Arena's financial assets are considered to be highly liquid.

Changes in risk

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

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2013		2012	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and equipment	$ 89,416	$ 17,883	$ -	$ -
Accumulated amortization	17,883		-	
	$ 71,533		$ -	

5. OPERATING SURPLUS (DEFICIT) DUE TO (FROM) THE CITY OF TORONTO

The amount to (from) the City of Toronto consists of the following:

	2013	2012
Balance, beginning of year	$ 4,118	$ (6,471)
Current year's operating surplus (deficit)	(30,956)	3,957
Current year's amortization	17,883	-
Net revenue payable to (expenditure receivable from) the City of Toronto	(13,073)	3,957
Received (paid) during the current year	(161)	6,632
Balance, end of year	$ (9,116)	$ 4,118

6. RECOVERABLE FROM CITY OF TORONTO - ENERGY RETROFIT (SEE ALSO NOTE 8)

On March 7, 2006, the Arena signed a letter of Agreement with the City of Toronto for capital improvements, specifically an energy retrofit, of $141,437. On completion of the project the City advised the Arena Board that the annual repayment to the City will be $15,653 over 8.84 years for a total amount of $138,373. This amount was reported as both capital funding and as an expense in 2008. Corresponding amounts have been recorded as funding to be received from the City of Toronto. This amount will be received from the City of Toronto when the energy retrofit loan payments of $15,653 per year are expensed.

7. RECOVERABLE FROM CITY OF TORONTO - DEHUMIDIFIER (SEE ALSO NOTE 8)

The Arena purchased a dehumifier amounting to $89,416 in the year using the loan provided by the City of Toronto. The loan agreement was signed on June 21, 2013 and the repayment terms are disclosed in Note 8. The amount is reported as both capital funding and as funding to be received from the City of Toronto. This amount will be received from the City when the dehumidifier loan payments are made annually.

8. LOAN PAYABLE TO CITY OF TORONTO

Loan payable to City of Toronto consists of the following:

	2013	2012
Loan payable - energy retrofit project costs - non-interest bearing, due December 31, 2016, payable in annual instalments of $15,653 and the last instalment being $13,149.	$ 28,802	$ 60,108
Loan payable - dehumidifier - 2.25%, due September 1, 2018, payable in blended annual instalments of $21,370 commencing September 1, 2014.	100,000	-
	$ 128,802	$ 60,108

Two instalments of $15,653 were made to energy retrofit loan, one made on January 7, 2013 for fiscal 2012 loan repayment and the other one made on December 30, 2013 for fiscal 2013 loan repayment.

Principal repayments over the next five years are estimated to be as follows:

2014	$ 34,773
2015	32,699
2016	19,990
2017	20,440
2018	20,900

9. POST-EMPLOYMENT BENEFITS PAYABLE AND ACCOUNTS RECEIVABLE

The Arena participates in a benefit plan provided by the City of Toronto. The Arena provides administrative employees with long term disability benefits and the continuation of health, dental and life insurance benefits to disabled employees.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 2012 with projections to December 31, 2013, 2014 and 2015. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2%
- assumed health care cost trends - range from 3.2% to 6.4%
- rate of compensation increase - 3%
- discount rates - post-retirement 4.4%, post-employment 3.6%, sick leave 4.1%

9. **POST-EMPLOYMENT BENEFITS PAYABLE AND ACCOUNTS RECEIVABLE** - Cont'd.

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

	2013	2012
Continuation of benefits to disabled employees	$ 106,361	$ 216,156
Post-employment income benefits	192,389	116,537
	298,750	332,693
Deduct: Unamortized actuarial loss	52,135	73,976
Post-employment benefit liability	$ 246,615	$ 258,717

The continuity of the accrued benefit obligation is as follows:

	2013	2012
Balance, beginning of year	$ 258,717	$ 270,318
Interest cost	9,694	10,310
Amortization of actuarial loss	14,285	13,874
Expected benefits paid	(36,081)	(35,785)
Balance, end of year	$ 246,615	$ 258,717

Expenditures relating to employee benefits are included in employment benefits on the statement of operations in the amount of ($12,102) (2012 - ($11,601)) and include the following components:

	2013	2012
Interest cost	$ 9,694	$ 10,310
Amortization of actuarial gain	14,285	13,874
	23,979	24,184
Expected benefits paid	(36,081)	(35,785)
Total expenditures related to post-retirement and post-employment benefits	$ (12,102)	$ (11,601)

A long term receivable of $246,615 (2012 - $258,717) from the city has resulted from the recording of sick leave and post-retirement benefits. Funding for these costs continue to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities of administration staff that may be incurred by the Arena.

In addition, the Arena makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its employees. This plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rate of pay. Employer contributions to this pension plan amounted to $21,623 (2012 - $19,499).

The most recent actuarial valuation of the OMERS plan as at December 31, 2013 indicates the Plan is not fully funded and the plan's December 31, 2013 financial statements indicate a deficit of $8.6 billion (less an additional $341 million of deferred gains that must be recognized over the next four years). The plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Arena's contributions accounted for 0.0013% of the plan's total employer contribution. Additional contributions, if any, required to address the Arena's proportionate share of the deficit will be expensed during the period incurred.

10. **VEHICLE AND EQUIPMENT REPLACEMENT RESERVE**

This reserve represents contributions made to the City of Toronto for the financing of replacement ice resurfacer machines required by the Arena Boards in the future years. The contribution amount for the year was $10,000 (2012 - $11,000).

COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

YEAR ENDED DECEMBER 31, 2013

SNACK BAR AND VENDING OPERATIONS

	2013	2012
Sales		
Snack bar	$ 26,999	$ 31,972
Vending machine	3,710	5,335
	30,709	37,307
Cost of goods sold	15,223	19,099
Gross profit	15,486	18,208
Direct expenses		
Wages and benefits	8,939	9,790
Net revenue (expense)	$ 6,547	$ 8,418

PRO SHOP OPERATIONS

	2013	2012
Pro shop sales	$ 26	$ 504
Cost of goods sold	796	1,759
Gross profit	(770)	(1,255)
Direct expenses		
Wages and benefits	-	285
Net revenue (expense)	$ (770)	$ (1,540)

REPORT TO THE

COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

For the year ended December 31, 2013

Prepared by
Welch LLP

AUDIT STATUS

Our audit of the financial statements of the Committee of Management of George Bell Arena for the year ended December 31, 2013 is substantially complete and we expect to release our auditors' report after the following outstanding matters are completed:

- Receipt of the signed management representation letter
- Second partner review by Welch LLP
- Subsequent events review

If any significant matters arise between the date of this report and the signing of our audit report we will raise them with you. The following paragraphs provide information we are required to communicate with you in accordance with Canadian generally accepted auditing standards.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES AND FINANCIAL REPORTING

Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided in the financial statements.

There are no matters with respect to the qualitative aspects of accounting practices that we wish to draw to your attention in relation to the financial statements for the 2013 fiscal year.

MANAGEMENT LETTER OF REPRESENTATION

It is necessary for us to obtain written representations from management as an acknowledgement of their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. We have provided a draft of the letter of representation in Appendix A. The Executive Director has committed to provide us with a signed copy of the letter on a date to coincides with the date of our auditors’ report.

MISSTATEMENTS

The corrected misstatements identified during our audit are included in Appendix A.

The uncorrected misstatements identified during our audit are included in Appendix B.

Canadian generally accepted auditing standards require that we request that management correct all the misstatements that we present to them.

The uncorrected mistatements identified are as follows;

Ice rental revenue of $3,491 was recognized rather than deferred even though the rental was cancelled due to the snow storm in 2013. Obligation of providing the make-up session will be fulfilled in 2014. Management has decided not to adjust the financial statement for this item due to the small dollar value involved.

Payroll was underaccrued for $878 due to not accruing for salaries and wages related to 2013 fiscal year that were paid in 2014 fiscal year. Management has decided not to adjust the financial statement for this item due to the small dollar value involved.

MISSTATEMENTS - Cont'd.

Inventory was understated by $865 due to small difference between the unit price per inventory listing and the unit price per last purchase invoice. Management has decided not to adjust the financial statement for this item due to the small dollar value involved.

Vacation expense was understated by $1,135 as the unused vacation days at year-end were not accrued for. Management has decided not to adjust the financial statements for this item due to the small dollar value involved. We agree with management's decision.

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

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

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

Issue - Lack of segregation of duties - cash receipts

At present revenues are being recorded by the same person who receives cash, performs physical bank deposits and records the cash receipts in the accounting system. This process has a lack of segregation of duties. We recommend, that a person independent from the accounting function prepare and make the bank deposit.

Management's Comments

Cash receipts are deposited and tracked by Wanda. I do oversee and approve on an ongoing basis. We only have 2 employees who fulfill management roles. I do access Quickbooks on a regular basis and track revenue as well as expenses to ensure control of the budget.

Issue - Lack of segregation of duties - signing authorities

It is our understanding that expenses are being recorded by the same person who records purchases in the accounting system, cuts cheques and authorizes for payments. Although the cheque signing requires dual signatures, we recommend that a person independent from the accounting function be the signing officer.

Management's Comments

Wanda has signing authority as well as at least one board member. I do review and approve all bills and invoices before cheques are issued.

Issue - Employee files

During our audit we noted that employee contracts are not in place, and employee files are not up-to-date with employees current wage rates. We recommend that management document the current wage rate for each staff member and that the committee of management review and approve the current wage rates and the employee files be updated with the reviewed and approved wage rates.

Management's Comments

Up-to-date employee wage rates are approved by the Board during the budgeting process, and reviewed again during the May Board meeting. They are recorded in the annual approved budget. Prior to any increase in May, this is normally recorded in the minutes of the Board meeting, but I will certainly add something to there file if that is the expectation.

INDEPENDENCE

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between Committee of Management of George Bell Arena and us that, in our professional judgment, may reasonably be thought to bear on our independence.

We evaluated our role and relationship with the organization and determined that there were no independence issues, as outlined in the Rules of Professional Conduct that govern our profession, that would prevent us from performing the audit.

FINANCIAL STATEMENT PRESENTATION

1. Significant Accounting Policies

The organization's significant accounting policies are disclosed in the notes to the financial statements.

During the year there were no new accounting policies or changes to existing accounting policies.

2. Management's Judgments and Accounting Estimates

During the audit we did not encounter any situations that required significant judgements on the part of management or involved significant estimates.

DIFFICULTIES ENCOUNTERED DURING THE AUDIT

During the course of our audit we received the full co-operation of management and did not encounter any difficulties during our audit. There were no limitations on the scope of our audit work and we did not have any disagreements with management.

MATTERS SPECIFICALLY REQUIRED BY OTHER CANADIAN AUDITING STANDARDS TO BE COMMUNICATED

Other sections of Canadian Auditing Standards require us to communicate with those charged with governance in a number of specific circumstances:

- Where we encounter unusual related party transactions or significant matters related to related party transactions;
- Where we encounter other transactions that were unusual or not in the normal course of business;
- Where we suspect or detect fraud;
- Where there is inconsistency between the financial statements and other information in documents containing the financial statements; and
- Where we believe there may be non-compliance with legislative or regulatory requirements.

We did not encounter any such matters during the course of our audit.

ACKNOWLEDGEMENTS

During the course of our audit, we received considerable assistance from the organization's staff and management. We would like to take this opportunity to thank them for efforts and for their constructive approach to the audit.

COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

215 Ryding Avenue
Toronto, Ontario
M6N 1H6

To be determined

Welch LLP
36 Toronto Street
Suite 530
Toronto, ON
M5C 2C5

Dear Sirs:

We are providing this letter in connection with your audit of the financial statements of Committee of Management of George Bell Arena as of December 31, 2013 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Committee of Management of George Bell Arena in accordance with Canadian public sector accounting standards.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal controls to prevent and detect fraud and error.

We acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 25, 2013, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.

2. The significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Information Provided

1. We have provided you with:

   (a) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;

   (b) Additional information that you have requested from us for the purpose of the audit; and

   (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence

2. All transactions have been recorded in the accounting records and are reflected in the financial statements

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have assessed this risk as low.

4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:

   (a) Management;

   (b) Employees who have significant roles in internal control; or

   (c) Others where the fraud could have a material effect on the financial statements.

5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

7. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Accounts Receivable

1. Accounts receivable are correctly described in the records and represent valid claims as at the year-end against the persons or companies indicated. These accounts are expected to be collected within twelve months.

2. The accounts receivable are free from hypothecation or assignment except as disclosed in the notes to the financial statements.

3. Adequate allowance has been made for any losses from uncollectible accounts, costs or expenses that may be incurred with respect to sales made or services rendered prior to the year-end, including allowance for quantity discounts and expenses under service or repair contracts.

Inventories

1. The inventories were correctly and properly taken by competent employees under the supervision of management as at the year-end and the quantities were determined by actual count, weight or measurement.

2. The inventories were priced at the lower of cost and market and on the same basis as in the previous year.

3. The inventory does not include items not paid for and for which the liability had not been taken into account at the year-end.

4. The inventory does not include any goods on consignment from others or goods invoiced to customers.

5. Adequate provision has been made for slow-moving or obsolete inventory that is unfit for sale.

6. The inventories as recorded in the books were the property of the organization free from all liens and encumbrances.

Capital Assets

1. All charges to capital asset accounts during the year represent actual additions to and no expenditures of a capital nature were charged to the operations of the organization during the year.

2. All capital assets sold or dismantled have been properly accounted for in the books of the organization.

3. Appropriate rates have been used to amortize the assets over their estimated useful lives and the provisions were calculated on a basis consistent with that of the previous period.

4. The organization has good title to the properties represented by the balance carried in the capital asset accounts, and there are no liens, mortgages or other charges against any of the capital assets shown on the books of the organization.

5. Where the value of any capital assets has been impaired, this fact has been disclosed to you.

Liabilities and Commitments

1. At the year end, with the exception of relatively immaterial obligations for which invoices had not been received or which otherwise could not readily be determined or estimated, all known liabilities of the organization are included and fairly stated on the statement of financial position.

2. At the year-end there were no contingent liabilities (e.g., discounted receivables or drafts, guarantees, pending or unsettled suits, matters in dispute).

3. At the year-end, the organization had no unusual commitments or contractual obligations of any sort that were not in the ordinary course of business or that might have an adverse effect upon the organization.

4. All claims outstanding against the organization or possible claims have been disclosed to you and, where appropriate, reflected in the financial statements or notes thereto.

5. We understand that any illegal or possibly illegal act could damage the organization or its reputation or give rise to a claim or claims against the organization. We are not aware of any violations or possible violations of law or regulations the effects of which should be considered for disclosure in the financial statements or as the basis for recording a contingent loss.

Statement of Operations

1. All of the revenues of the organization for the year has been recorded in the books of account and disclosed in the financial statements.

2. The statement of operations contains no extraordinary or non-recurring items of material amount except as shown thereon.

Corporate Minutes

The minute books of the organization contain an accurate record of all of the business transacted at meetings of directors and committees of directors up to the date of this letter.

Controlled and Related Entities

The organization does not have relationships with any companies or other not-for-profit organizations that involve control, joint control, or significant influence nor does the organization have an economic interest in any other not-for-profit organization.

Related Party Transactions

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.

Recognition, Measurement and Disclosure

1. Significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.

2. The organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

3. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

4. The actuarial assumptions and methods used to measure the pension liabilities and costs for financial accounting purposes are appropriate in the circumstances

Going Concern

We confirm that we have assessed the entity's ability to continue as a going concern, taking into account all information which is at least twelve months from the year-end date, and we conclude that the entity is able to continue as a going concern for the foreseeable future.

General

1. We are unaware of any frauds or possible frauds having been committed by the organization, its employees or any of its directors and officers and we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

2. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements.

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

4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.

5. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

6. In the course of your audit of our financial statements for the year ended December 31, 2013, you have recommended certain journal entries and adjustments to our books and records as attached to this letter. We hereby acknowledge that we understand, agree with and approve of the attached journal entries which have been considered necessary to present fairly the financial position and operating results of our organization.

Events Subsequent to the Year-end

No facts have been discovered which necessitate material adjustment to the year-end figures.

Yours very truly,

COMMITTEE OF MANAGEMENT OF GEORGE BELL ARENA

Per____

Larry Woodley, Arena Manager

Committee of Management of George Bell Arena

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

Preliminary overall materiality is $11,000; Final overall materiality is $11,000.
All misstatements over $440 are to be recorded on this summary. Misstatements below this threshold are considered trivial.
The tax rate used in this schedule is nil%.

		INCOME STATEMENT Overstated or (Understated)			BALANCE SHEET Overstated or (Understated)				
Description of Possible Misstatement	**WP Ref.**	**Identified Mis-statement**	**Likely Aggregate Mis-statement**	**Likely Aggregate Mis-statement After Tax**	**Assets**	**Liabilities**	**Closing Equity**	**F/S Disclosures**	**Corr-ected?**
Underaccrual of payroll accrual	BB5	878	878	878		(878)	878		No
Overstate of ice rental revenue due to snow storm	HH2	3,491	3,491	3,491		(3,491)	3,491		No
Extrapolated understatement of inventory error	D1	(865)	(865)	(865)	(865)		(865)		No
Understatement of vacation liability	BB7	8,724	8,724	8,724		(8,724)	8,724		No

Total	12,228	12,228	(865)	(13,093)	12,228	
Effect of Unadjusted Errors From Prior Years	(7,589)	(7,589)		7,589	(7,589)	
Aggregate Likely Misstatements	4,639	4,639	(865)	(5,504)	4,639	
Further Possible Misstatements						
Maximum Possible Misstatements	4,639	4,639	(865)	(5,504)	4,639	
Corrected Misstatements						
Uncorrected Misstatements	4,639	4,639	(865)	(5,504)	4,639	
Materiality	11,000	11,000	11,000	11,000	11,000	11,000
Margin Remaining For Further Possible Misstatements	6,361	6,361	10,135	5,496	6,361	11,000

Prepared by	Reviewed by	Reviewed by	Reviewed by
AZ 23/02/2014		BH 14/04/2014	GI 28/04/2014

Document is up to date

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Appendix B

Committee of Management of George Bell Arena
Year End: December 31, 2013
Adjustments
Rev. 10/10/01
Date: 01/01/2013 To 31/12/2013

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	31/12/2013	Accumulated amortization - F&F	1510	K1			17,883.20		
1	31/12/2013	Amortization	6100	K1		17,883.20			
		To record amortization on capital assets							
2	31/12/2013	Employee post retirement benefi	2700			12,102.00			
2	31/12/2013	post retirement benefits expens	5100				12,102.00		
		Per City's entry - To record additional employee benefits payable.							
3	31/12/2013	post retirement benefits from c	1700				12,102.00		
3	31/12/2013	funding for post retirement ben	4100			12,102.00			
		Per City's Entry - To record increase(decrease) in long-term funding receivable from the City							
4	31/12/2013	A/R - City of Toronto (deficit)	1205	EE2			17,883.20		
4	31/12/2013	Capital surplus	3505	EE2		17,883.20			
		To record operating deficit - receivable from the City							
5	31/12/2013	Surplus Payable-City of Toronto	2500				3,957.45		
5	31/12/2013	Retained Earnings	3100			3,957.45			
		To transfer R/E to surplus payable to the City							
6	31/12/2013	Amount to be Recovered Future:Energy Retrofit	1601	EE1			15,653.00		
6	31/12/2013	Payable to City:Energy Retrofit	2600	EE1		15,653.00			
		To reduce A/R Retrofit from City							
7	31/12/2013	Accounts Receivable	1200				1,889.92		
7	31/12/2013	Accounts Receivable	1200				150.52		
7	31/12/2013	Accounts Receivable	1200				1,700.86		
7	31/12/2013	Deferred Revenue	2400			3,741.30			
		To reverse PY entry of reclassfying credit A/R to deferred revenue.							
8	31/12/2013	Deferred Revenue	2400	HH1-1		1,722.76			
8	31/12/2013	CONTRACT ICE RENTALS:Non Prime Time:Yo	4205	HH1-1			1,722.76		
		To reverse client's entry - deferred revenue of Cameron (Titans 2000) as the amount was a customer credit and was never posted as revenue in F2013.							
9	31/12/2013	Accounts Payable	2000	BB1			15,653.00		
9	31/12/2013	Payable to City:Energy Retrofit	2600	BB1		15,653.00			
		To apply ERF loan payment to loan							
10	31/12/2013	Amount to be Recovered Future:Energy Retrofit	1601	GG1			15,653.00		
10	31/12/2013	Energy Retrofit Repayment	5400	GG1		15,653.00			
		To show recovery of 2013 repayment made on Dec 30, 2013							
11	31/12/2013	Recoverable from the City - dehumidifier	1210			89,416.00			
11	31/12/2013	Capital contribution from the City	4005				89,416.00		
		To setup amount recoverable from the City for capital asset purchase							

Prepared by	Reviewed by	Reviewed by	Reviewed by
AZ 13/04/2014			

Committee of Management of George Bell Arena

Year End: December 31, 2013
Adjustments
Rev. 10/10/01
Date: 01/01/2013 To 31/12/2013

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
						205,766.91	205,766.91		

Net Income (Loss) 58,459.75

Prepared by	Reviewed by	Reviewed by	Reviewed by
AZ 13/04/2014			