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

For

BOARD OF MANAGEMENT OF MOSS PARK ARENA

For the year ended

DECEMBER 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

CITY OF TORONTO AND BOARD OF MANAGEMENT OF MOSS PARK ARENA

We have audited the accompanying financial statements of the Board of Management of Moss Park Arena, which comprise the statement of financial position as at December 31, 2013, and the 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 Board of Management of Moss Park 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 Board of Management of Moss Park Arena for the year ended December 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on June 12, 2013.

Welch LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 21, 2014.

BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash	$ 149	$ 35,112
Accounts receivable	90,594	123,875
Accounts receivable - City of Toronto (note 6)	312,316	308,221
Due from the City of Toronto - deficit (note 5)	25,068	-
Prepaid expenses	1,028	566
Inventories	4,285	4,745
	433,440	472,519
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities - City of Toronto	-	5,583
Accounts payable and accrued liabilities - Other	37,789	57,615
Due to the City of Toronto - surplus (note 5)	-	460
Deferred revenue	73,335	90,640
City of Toronto - working capital advance	10,000	10,000
Post-employment benefits payable (note 6)	312,316	308,221
	433,440	472,519
NET FINANCIAL ASSETS (LIABILITY)	-	-
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	21,833	25,269
ACCUMULATED SURPLUS	$ 21,833	$ 25,269

Approved on behalf of the Board of Management

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(See accompanying notes)

Welch LLP

An Independent Member of BKR International

BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Revenue		
Ice rentals	$ 396,314	$ 407,824
Hockey school, camps and league operations (Schedule A)	272,709	292,567
Snack bar and vending operations (Schedule B)	15,207	21,970
Pro shop and skate sharpening (Schedule C)	18,240	20,067
Facility rentals	4,978	5,398
Other	327	779
Funding from the City of Toronto for employee related costs	48,585	1,743
	756,360	750,348
Expenses		
Salaries and Wages	393,189	375,876
Employee Benefits	120,553	98,289
Utilities	139,875	130,873
Repairs and Maintenance	31,143	70,119
Professional Fees	4,765	6,740
Insurance	10,502	9,969
General administration	38,160	46,278
Amortization	3,436	3,792
Write-down of insurance settlement receivable (note 7)	29,520	-
	771,143	741,936
Net revenue over expenses (expenses over revenue) before the following	(14,783)	8,412
Vehicle and equipment reserve contribution (note 8)	(10,000)	(10,000)
Operating surplus (deficit)	(24,783)	(1,588)
Net expenditures receivable from the City of Toronto (note 5)	21,347	3,721
Annual surplus (deficit)	(3,436)	2,133
Accumulated surplus, beginning of year	25,269	23,136
Accumulated surplus, end of year	$ 21,833	$ 25,269

(See accompanying notes)

BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF NET CHANGE IN FINANCIAL ASSETS (LIABILITY)

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Annual surplus (deficit)	$ (3,436)	$ 2,133
Acquisition of tangible capital assets	-	(5,925)
Amortization of tangible capital assets	3,436	3,792
Change in net financial assets (liability)	-	-
Net financial assets (liability), beginning of year	-	-
Net financial assets (liability), end of year	$ -	$ -

(See accompanying notes)

BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	$ (3,436)	$ 2,133
Adjustments for:		
Amortization	3,436	3,792
	-	5,925
Non-cash changes to operations:		
Accounts receivable	33,281	(1,957)
Accounts receivable - City of Toronto	(4,095)	(1,743)
Due from the City of Toronto - deficit	(25,068)	-
Inventories	460	1,346
Prepaid expenses	(462)	(127)
Accounts payable and accrued liabilities - City of Toronto	(5,583)	(12,913)
Accounts payable and accrued liabilities - Other	(19,826)	12,179
Due to the City of Toronto - surplus	(460)	(60,976)
Deferred revenue	(17,305)	3,290
Post-employment benefits payable	4,095	1,743
Cash flows used in operating activities	(34,963)	(53,233)
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	-	(5,925)
Cash flows used in capital transactions	-	(5,925)
DECREASE IN CASH	(34,963)	(59,158)
CASH AT BEGINNING OF YEAR	35,112	94,270
CASH AT END OF YEAR	$ 149	$ 35,112

(See accompanying notes)

1. NATURE OF OPERATIONS

The Board of Management of Moss Park Arena (the 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-Law No. 1995 - 0448, as amended. The Board of Management operates and manages the Arena on behalf of the City of Toronto.

Under the By-Law, the Board of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Board 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 Board 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 Board of Management ceasing to function for any reason.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These 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 or determinable and and the amount is collectible.

Ice rentals, hockey schools and camp fees paid in advance are recorded as deferred revenue.

Financial instruments

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

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

Financial assets measured at amortized cost include cash, accounts receivable and amounts due from the City. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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 c*apital 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
Machinery and equipment	- 10 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, and are not recorded in these financial statements.

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

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

The 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 the useful life of its tangible capital assets, significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

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

3. 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 Centre'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 this item 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 these financial instruments 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.

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 Centre'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
Machinery and equipment	$ 34,362	$ 12,529	$ 34,362	$ 9,093
Computer equipment	3,910	3,910	3,910	3,910
	38,272	$ 16,439	38,272	$ 13,003
Accumulated amortization	16,439		13,003	
	$ 21,833		$ 25,269	

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

The amount due to the City of Toronto consists of the following:

	2013	2012
Balance, beginning of year	$ 460	$ 61,436
Current year's operating deficit	(24,783)	(1,588)
Current year's tangible capital asset purchases	-	(5,925)
Current year's amotization	3,436	3,792
Net expenditure receivable from the City of Toronto	(21,347)	(3,721)
Paid during the current year	(4,181)	(57,255)
	(25,528)	(60,976)
Balance, end of year	$ (25,068)	$ 460

6. 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.

The Arena also provides health, dental, accidental death and disability, life insurance and long term disability benefits to eligible employees. Depending on length of service and individuals' election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 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%

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	$ 135,300	$ 146,189
Income benefits	224,676	248,587
Sick leave benefits	63,546	74,565
Post-retirement benefits	65,939	51,692
	489,461	521,033
Deduct: unamortized actuarial loss	(177,145)	(212,812)
Employee benefit liability	$ 312,316	$ 308,221

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

The continuity of the accrued benefit obligation is as follows:

	2013	2012
Balance, beginning of year	$ 308,221	$ 306,478
Current service cost	2,842	2,740
Interest cost	16,130	13,977
Amortization of actuarial loss	30,857	25,448
Expected benefits paid	(45,734)	(40,422)
Balance, end of year	$ 312,316	$ 308,221

Expenditures relating to employee benefits are included in employee benefits on the statement of operations in the amount of $4,095 (2012 - $1,743) and include the following components:

	2013	2012
Current service cost	$ 2,842	$ 2,740
Interest cost	16,130	13,977
Amortization of actuarial loss	30,857	25,448
Less expected benefits paid during the year	(45,734)	(40,422)
Total expenditures related to post-retirement benefits	$ 4,095	$ 1,743

A receivable of $312,316 (2012 - $308,221) from the City has resulted from the recording of sick leave and post-retirement benefits. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities 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 $32,234 in 2013 (2012 - $22,079).

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 0.0019% of the plan's total employer contributions. Additional contributions, if any, required to address the Arena's proportionate share of the deficit will be expensed during the period incurred.

7. **WRITE-DOWN OF INSURANCE SETTLEMENT RECEIVABLE**

In 2006 Moss Park suffered fire damage and made an insurance claim for loss of business. At the time of the claim submission it was estimated that the loss of business had amounted to $116,174, which was recognized as revenue and an amount receivable was recorded. In 2013 Moss Park determined that the actual amount that will be received will be approximately $86,654 and accordingly the receivable was written down by $29,520.

8. **VEHICLE AND EQUIPMENT REPLACEMENT RESERVE**

These contributions are for the financing of replacement ice resurfacer machines required by the Arena Boards in future years. This year's contribution was $10,000 (2012 - $10,000).

BOARD OF MANAGEMENT OF MOSS PARK ARENA

HOCKEY SCHOOL, CAMP AND LEAGUE OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Sales		
Hockey League Registration	$ 127,299	$ 148,592
Hockey Winter League	48,563	42,881
Hockey School Camp	66,547	83,855
Hockey School Registration	65,742	74,463
Women's pickup	6,910	3,228
	315,061	353,019
Direct expenses		
Hockey League Referees	26,750	29,705
Hockey League expenses	7,364	6,902
Hockey School and Camp	4,938	9,508
Hockey School and Camp Instructors	3,300	14,337
	42,352	60,452
Excess revenue over expenses	$ 272,709	$ 292,567

BOARD OF MANAGEMENT OF MOSS PARK ARENA

SNACK BAR AND VENDING OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Sales		
Snack bar	$ 23,481	$ 27,927
Vending machines	9,969	14,107
	33,450	42,034
Less: Cost of goods sold	18,243	20,064
Excess revenue over expenses	$ 15,207	$ 21,970

BOARD OF MANAGEMENT OF MOSS PARK ARENA

PRO SHOP AND SHARPENING OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Sales		
Pro Shop	$ 12,934	$ 17,873
Skate sharpening	15,633	14,858
	28,567	32,731
Less: Cost of goods sold	10,327	12,664
Excess revenue over expenses	$ 18,240	$ 20,067

REPORT TO THE

BOARD OF MANAGEMENT OF MOSS PARK ARENA

For the year ended December 31, 2013

Prepared by
Welch LLP

AUDIT STATUS

Our audit of the financial statements of the Board of Management of Moss Park 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
- Final subsequent events review
- Approval of draft financial statements by the Board
- Second partner review by Welch LLP

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.

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 Manager has committed to provide us with a signed copy of the letter on a date that coincides with the date of our auditors' report.

MISSTATEMENTS

The corrected misstatements identified during our audit are included in Appendix A. Management made all the corrections we proposed and as a result there are no unadjusted errors to report to you.

DEFICIENCIES IN INTERNAL CONTROL

During our audit we did not identify any significant deficiencies in internal control to report to the Board.

However, we identified some areas where there was room for improvement in procedures and internal controls and these have been included in a report to management. We have not provided a comprehensive statement of all weaknesses which may exist in internal control or all improvements which can be made, but have addressed only those matters which have come to our attention as a result of audit procedures we have performed. The areas we have identified for improvement are as follows:

Payments to referees and instructors

At present payments to referees and instructors are paid in cash at the end of each game by the time keeper, based on $30 per hour and cash receipts are not being given nor signed off by the referees or instructors. The current process involves a cheque being written to the Manager at the beginning of the month for that month's expected referee and instructor payments and then the cheque is cashed by the Manager and the cash is provided to the pro shop for distribution to the time keeper. This current process lacks supporting documentation for the cash payments being made and to whom it is being received by. We recommend that a cash log be established for the referee and instructor payments whereby when the cash is provided by the Manager to the pro shop the amount is documented and signed off by the Manager. Then as the cash is disbursed the time keeper records the cash payments made noting when it was paid, how much was paid and to whom. A cash receipt book should also be used documenting the same information and should be signed by the person when they receive the cash.

Management's comments:

We will use envelopes dated and signed for the amount each referee or instructor gets paid.

Petty cash tracking

At present the petty cash is not been tracked on an on-going basis nor is it being reconciled. We recommend that petty cash reconciliations be used everytime the petty cash is replenished, which reconcile the petty cash balance maintained against the receipts and actual petty cash on hand per a petty cash count. The total amount of the receipts should then agree to the replenishment cheque.

Management's comments:

We take the receipts in and give money out and at the end of each month we write a cheque for petty cash for the exact amount of the receipts.

Bank reconciliations

At present bank reconciliations are only being prepared annually by an outside accounting agency. We recommend that bank reconciliations be performed monthly and that they be reviewed by a person other than the person who prepared the bank reconciliation.

Management's comments:

Will be done on a monthly basis.

Employee files and employment contracts

During our audit we noted that employee files are not up-to-date with employees current wage rates and that employment contracts do not exist. We recommend that management document the current wage rate for each staff member and that the board 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:

We will look into this.

Capital asset log

At present there is not a capital asset log which details the assets included in the Arena's books, when they were acquired and where they are located. We recommend the Arena create and maintain a capital asset log that details the assets that exist at the Arena, when assets are disposed of and when they are acquired as well as where they are located.

Management's comments:

We will begin an asset log book as of now.

Data back-ups

At present back-ups of the computer systems are only being made a few times a year. We recommend that back-ups be schedules and performed on a regular basis.

Management's comments:

We will do them monthly.

INDEPENDENCE

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

Prior to the commencement of our year-end audit fieldwork we provided an audit approach letter. In this communication we reported to you that there were no independence issues, as outlined in the Rules of Professional Conduct of the Institute of Chartered Accountants of the Province of Ontario that would prevent us from performing the audit.

Subsequent to the issuance of that letter, no other matters have been identified that would reasonably be thought to bear on our independence. As a result, we reconfirm that we remain independent.

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.

BOARD OF MANAGEMENT OF MOSS PARK ARENA

140 Sherbourne Street
Toronto, Ontario
M5A 2R6

Date 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 the Board of Management of Moss Park 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 the Board of Management of Moss Park 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 23, 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, 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, except for balances as disclosed as long-term.
2. All services rendered prior to the year-end have been recorded as sales of that period.
3. The accounts receivable are free from hypothecation or assignment except as disclosed in the notes to the financial statements.
4. Adequate allowance has been made for any losses from uncollectible accounts.
5. Accounts receivable represent valid claims relating to transactions made before the end of the fiscal year. Adequate provision has been made for losses which may be sustained in the collection of receivables.

Inventories

1. Inventory quantities were determined by actual count, weight or measurement by competent employees under the supervision of management as at December 31, 2013 and properly adjusted for subsequent receipts and shipments to year-end.
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 balance sheet.

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. The organization has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

4. 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.

5. 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.

6. 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.

Restrictions

All restrictions on the use of the organization's funds or assets, as well as all requirements or conditions imposed by third parties, have been brought to your attention and are appropriately disclosed in the financial statements. The organization complied with all restrictions, requirements or conditions which, in the event of non-compliance could have a significant effect on the financial statements.

Corporate Minutes

The minute books of the organization contain an accurate record of all of the business transacted at meetings of the Board of Management 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

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

2. There have been no exchanges of goods or services with any related parties during the year that require disclosure in the financial statements.

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. 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

All events subsequent to the date of these financial statements and for which Canadian public sector accounting standards require adjustment or disclosures have been adjusted or disclosed.

Yours very truly,

BOARD OF MANAGEMENT OF MOSS PARK ARENA

Per____

Executive Director

Board of Management of Moss Park 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	Due from CofT Employee Benefits	1400	GG1		4,095.00			
1	31/12/2013	Employee Benefits Payable	2028	GG1			4,095.00		
1	31/12/2013	City of Toronto - funding	4500	GG1			4,095.00		
1	31/12/2013	Employee related costs	5008	GG1		4,095.00			
		To record additional employee benefits payable for 2013 and To record increase in long-term funding receivable from the City							
2	31/12/2013	Due from CofT Employee Benefits	1400			44,490.00			
2	31/12/2013	Employee Benefits Payable	2028				44,490.00		
		To reverse client entry 2209 posting sick benefits paid to employee benefits payable - LT receivable							
3	31/12/2013	Accounts Receivable	1100	C1		2,387.40			
3	31/12/2013	Ice Rental - Winter	4000	C1			2,387.40		
		To write-off credit AR balances related to users who are not longer renting ice							
4	31/12/2013	Accounts Receivable	1100	C1			29,520.29		
4	31/12/2013	Other Expenses	5140	C1		29,520.29			
		To adjust insurance proceeds receivable to actual per adjuster email							
5	31/12/2013	Accounts Receivable	1100	C1			645.52		
5	31/12/2013	Sundries	4400	C1		645.52			
		To write-off old AR							
6	31/12/2013	Accounts Payable	2000	BB1-1		56.50			
6	31/12/2013	HST Paid On Purchases	2011	BB1-1			6.50		
6	31/12/2013	Audit & Consultant Service	5126	BB1-1			50.00		
		To adjust 2012 overaccrued audit fee to grant thornton							
7	31/12/2013	Accounts Payable	2000	BB2-1		3,563.84			
7	31/12/2013	Wages	5000	BB2-1			3,563.84		
		To reverse 2012F wage accrual							
8	31/12/2013	Vacation Payable	2024	BB5		12,146.79			
8	31/12/2013	Vacation Expense	5009	BB5			12,146.79		
		To adjust vacation payable for 2012 accrual not reversed							
9	31/12/2013	Accumulated Depreciation	1501	KMEMO			3,436.20		
9	31/12/2013	Furniture Amortization/Depreciation	5117	KMEMO		3,436.20			
		to record amortization for 2013							
10	31/12/2013	Bank Account - Current	1001	A1		375.00			
10	31/12/2013	Sundries	4400	A1			375.00		
		To record Dec 31, 2013 cash received as OS deposit - to be reversed by client Jan 1, 2014							
11	31/12/2013	Vacation Payable	2024	BB5-1			1,683.60		
11	31/12/2013	Vacation Expense	5009	BB5-1		1,683.60			
		To accrue vacation owing to Mike Pisano							
2013-1	31/12/2013	AR/AP City - deficit/surplus	1150				460.00		
2013-1	31/12/2013	AR/AP City - deficit/surplus	1150			4,181.00			

Board of Management of Moss Park 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
2013-1	31/12/2013	Furniture & Equipment	1500			38,292.00			
2013-1	31/12/2013	Accumulated Depreciation	1501				13,023.00		
2013-1	31/12/2013	Capital - Furn. & Equip.	3000				23,136.00		
2013-1	31/12/2013	Surplus/deficit Payable	3001				763.00		
2013-1	31/12/2013	Surplus/deficit Payable	3001			3,032.00			
2013-1	31/12/2013	Surplus/deficit Payable	3001				4,181.00		
2013-1	31/12/2013	Other Expenses	5140				3,942.00		
		To book 2012 entries in 2013							
						152,000.14	**152,000.14**		

Net Income (Loss) **-24,783.02**