

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT FOR NORTH TORONTO MEMORIAL 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
FOR NORTH TORONTO MEMORIAL ARENA**

We have audited the accompanying financial statements of the Board of Management for North Toronto Memorial Arena, which comprise the 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 qualified audit opinion.

Basis for Qualified Opinion

The Arena has not recognized the vacation or payroll liability as at December 31, 2013, which constitutes a departure from Canadian public sector accounting standards. The Arena's records indicate that had management recognized the vacation and payroll liabilities, an amount of \$52,434 would have been required to record the full amount of the liabilities. Accordingly, salaries and wages expense would have been increased by \$52,434, accounts payable and accrued liabilities - Other would have been increased by \$52,434, net revenue payable to the City of Toronto and operating surplus would have been reduced by \$52,434 and Due to City of Toronto - operating surplus would have been decreased by \$52,434.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Board of Management for North Toronto Memorial 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 for North Toronto Memorial Arena for the year ended December 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on May 29, 2013.



Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 27, 2014.

BOARD OF MANAGEMENT FOR NORTH TORONTO MEMORIAL ARENA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
FINANCIAL ASSETS		
Cash	\$ 32,991	\$ 42,572
Accounts receivable	39,035	26,260
Inventories	<u>76,816</u>	<u>88,673</u>
	<u>148,842</u>	<u>157,505</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities - City of Toronto	42,397	19,000
Accounts payable and accrued liabilities - Other	85,840	78,504
Due to City of Toronto - operating surplus (note 5)	1,351	2,587
Deferred revenue	4,254	42,414
City of Toronto - working capital advance	<u>15,000</u>	<u>15,000</u>
	<u>148,842</u>	<u>157,505</u>
NET FINANCIAL ASSETS (LIABILITY)	<u>-</u>	<u>-</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	<u>27,790</u>	<u>21,045</u>
ACCUMULATED SURPLUS	<u>\$ 27,790</u>	<u>\$ 21,045</u>

Approved on behalf of the Board of Management:

.....Chair

.....Member

(See accompanying notes)

BOARD OF MANAGEMENT FOR NORTH TORONTO MEMORIAL ARENA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
Revenue		
Ice rentals	\$ 596,069	\$ 546,719
City of Toronto - recovery of expenses (note 8)	63,496	60,472
Gate receipts	43,393	51,787
Snack bar and vending machine operations (Schedule A)	23,832	22,988
Pro shop operations (Schedule A)	18,286	18,210
Arena floor rentals	1,250	975
Banquet room rentals	25,722	23,961
Advertising	14,600	9,902
Zamboni replacement - contribution	<u>10,000</u>	<u>10,000</u>
	<u>796,648</u>	<u>745,014</u>
Expenses		
Salaries and Wages	377,085	364,827
Employee Benefits	107,766	102,717
Utilities	179,670	151,316
Maintenance and repairs	59,853	63,524
General administration	37,253	32,001
Insurance	10,624	10,085
Professional Fees	5,225	6,010
Amortization	<u>2,193</u>	<u>1,597</u>
	<u>779,669</u>	<u>732,077</u>
Excess revenues over expenses before the following	16,979	12,937
Vehicle and equipment reserve contribution (note 7)	<u>10,000</u>	<u>10,000</u>
Operating surplus	6,979	2,937
Net revenue payable to the City of Toronto (note 5)	<u>(234)</u>	<u>(1,117)</u>
Annual surplus	6,745	1,820
Accumulated surplus, beginning of year	<u>21,045</u>	<u>19,225</u>
Accumulated surplus, end of year	\$ <u>27,790</u>	\$ <u>21,045</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR NORTH TORONTO MEMORIAL ARENA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITY)
YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
Annual surplus (deficit)	\$ 6,745	\$ 1,820
Acquisition of tangible capital assets	(8,938)	(3,417)
Amortization of tangible capital assets	<u>2,193</u>	<u>1,597</u>
Change in net financial assets (liability)	-	-
Net financial assets (liability), beginning of year	<u>-</u>	<u>-</u>
Net financial assets (liability), end of year	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR NORTH TORONTO MEMORIAL ARENA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 6,745	\$ 1,820
Adjustments for:		
Amortization	<u>2,193</u>	<u>1,597</u>
	8,938	3,417
Non-cash changes to operations:		
Accounts receivable	(12,775)	56,859
Inventories	11,857	(3,456)
Accounts payable and accrued liabilities - City of Toronto	23,397	(12,109)
Accounts payable and accrued liabilities - Other	7,336	(36,807)
Deferred revenue	(38,160)	38,340
Due to City of Toronto - operating surplus	<u>(1,236)</u>	<u>(1,566)</u>
Cash flows provided by (used in) operating activities	<u>(643)</u>	<u>44,678</u>
 CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(8,938)</u>	<u>(3,417)</u>
Cash flows used in capital transactions	<u>(8,938)</u>	<u>(3,417)</u>
 INCREASE (DECREASE) IN CASH	(9,581)	41,261
 CASH AT BEGINNING OF YEAR	<u>42,572</u>	<u>1,311</u>
 CASH AT END OF YEAR	\$ <u>32,991</u>	\$ <u>42,572</u>

(See accompanying notes)

BOARD OF MANAGEMENT FOR NORTH TORONTO MEMORIAL ARENA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. NATURE OF OPERATIONS

The Board of Management for North Toronto Memorial 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 Arena is located at 174 Orchardview Boulevard. 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 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 or determinable 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 Arena subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

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

Inventories

Inventories held for resale are initially valued 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:

Machinery and equipment	- 15 years straight line
Leasehold improvements	- 20 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.

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, assessing the allowance of doubtful accounts, and significant accrued liabilities. 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 and accounts receivable. 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 and amounts due to the City of Toronto.

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 Arena's risk exposures from the prior year.

BOARD OF MANAGEMENT FOR NORTH TORONTO MEMORIAL ARENA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2013

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Machinery and equipment	\$ 29,858	\$ 5,104	\$ 20,920	\$ 3,113
Leasehold improvements	<u>4,049</u>	<u>1,013</u>	<u>4,049</u>	<u>811</u>
	33,907	<u>\$ 6,117</u>	24,969	<u>\$ 3,924</u>
Accumulated amortization	<u>6,117</u>		<u>3,924</u>	
	<u>\$ 27,790</u>		<u>\$ 21,045</u>	

5. OPERATING SURPLUS DUE TO THE CITY OF TORONTO

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

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	<u>\$ 2,587</u>	<u>\$ 4,153</u>
Current year's operating surplus	6,979	2,937
Current year's capital assets purchase	(8,938)	(3,417)
Current year's amortization	<u>2,193</u>	<u>1,597</u>
Net revenue payable to the City of Toronto	234	1,117
Paid during the current year	<u>(1,470)</u>	<u>(2,683)</u>
Balance, end of year	<u>\$ 1,351</u>	<u>\$ 2,587</u>

6. EMPLOYEE-RELATED LIABILITIES

The Arena makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employed plan, on behalf of most of its employees. The 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 rates of pay. Employer contributions to this pension plan amounted to \$28,871 (2012 - \$26,237).

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 0.0017% 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. VEHICLE AND EQUIPMENT REPLACEMENT RESERVE

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

8. OUTDOOR RINK

Under an arrangement with the City of Toronto, the Board services an artificial outdoor rink located adjacent to the Arena. The Board is reimbursed \$63,496 (2012 - \$60,472) by the City for expenditures incurred in servicing this rink, based upon a budgetary provision, which may not be exceeded without prior approval from the City.

BOARD OF MANAGEMENT FOR NORTH TORONTO MEMORIAL ARENA
YEAR ENDED DECEMBER 31, 2013

SNACK BAR AND VENDING OPERATIONS

	<u>2013</u>	<u>2012</u>
Sales		
Snack bar and vending machine	\$ 88,168	\$ 86,702
Cost of goods sold	<u>40,107</u>	<u>36,987</u>
	<u>48,061</u>	<u>49,715</u>
Expenses		
Wages	23,386	25,654
Maintenance	<u>843</u>	<u>1,072</u>
	<u>24,229</u>	<u>26,726</u>
Excess revenue over expenses	<u>\$ 23,832</u>	<u>\$ 22,989</u>

PRO SHOP OPERATIONS

	<u>2013</u>	<u>2012</u>
Sales		
Pro shop sales	\$ 45,343	\$ 50,884
Cost of goods sold	<u>21,667</u>	<u>27,467</u>
	<u>23,676</u>	<u>23,417</u>
Expenses		
Wages	4,600	4,500
Equipment maintenance	<u>790</u>	<u>707</u>
	<u>5,390</u>	<u>5,207</u>
Excess revenue over expenses	<u>\$ 18,286</u>	<u>\$ 18,210</u>

REPORT TO THE

**BOARD OF MANAGEMENT FOR NORTH
TORONTO MEMORIAL ARENA**

For the year ended December 31, 2013

Prepared by
Welch LLP

AUDIT STATUS

Our audit of the financial statements of Board of Management for North Toronto Memorial 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
- Receipt of a signed bank confirmation
- Final subsequent events review
- Approval of draft financial statements by the Board of Management

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, other than accrued payroll was not recorded as detailed below. Given the materiality of the unrecorded payroll amounts we have qualified our audit opinion.

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 to coincide with the date of our auditors' report.

MISSTATEMENTS

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

Canadian generally accepted auditing standards require that we request that management and the board of management correct all the misstatements that we present to them. The uncorrected misstatements are comprised of \$9,915 of overstated advertising revenues as a result of revenues received in 2013 related to advertising for January 1 to December 31, 2014 not being deferred until 2014 but being fully recognized in 2013. \$3,907 of unaccrued liabilities for expenses for which invoices were not received until 2014. Accounts payable and accrued liabilities and salaries and benefits are understated by \$23,293 as a result of December 2013 wages paid in January 2014 not being accrued. And accounts payable and accrued liabilities and salaries and benefits are understated by \$29,141 as a result of vacation days owing or being accrued. Management has decided not to adjust the financial statements for these items.

Canadian generally accepted auditing standards require that we request that you take action to correct the misstatements identified. As a result, we would ask that you have management make the necessary adjustments. If you choose not to have the misstatements corrected we request that you inform us of your reasons for not doing so.

DEFICIENCIES IN INTERNAL CONTROL

During our audit we did not identify any significant deficiencies in internal control to report to the Board. We have identified some areas where there was room for improvement in procedures and internal controls. 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.

Bank Reconciliations

At present bank reconciliations are being prepared monthly by the Arena manager but are not being reviewed. We recommend that the bank reconciliations be reviewed and signed to indicate review by someone other than the preparer.

Significant Unused Vacation

We observed that there is a significant vacation liability as at December 31, 2013 in the amount of \$29,141 related to the Arena manager. We understand with limited personnel resources at the Arena, it is difficult to take vacation. Nevertheless, we recommend that either the vacation be paid out in full or partially if that is the Arena's policy or that efforts be made to enable employees to use their accumulated vacation.

INDEPENDENCE

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between Board of Management for North Toronto Memorial 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 FOR NORTH TORONTO
MEMORIAL ARENA**
174 Orchard View Boulevard
Toronto, Ontario
M4R 1C3

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 Board of Management for North Toronto Memorial 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 Board of Management for North Toronto Memorial 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, 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. Accounts receivable do not include any amount with respect to goods on consignment to others.
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, 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.
5. No abnormal returns have been received since the year-end or are expected to be received, in respect of merchandise sold prior to the close of business on that date.
6. Accounts receivable represent valid claims relating to transactions made before the end of the fiscal year and do not include any amount relating to goods shipped on consignment. Adequate provision has been made for losses which may be sustained in the collection of receivables.

Inventories

1. Inventory quantities were determined from carefully kept records as at the year-end. At least once during the year these records were adjusted to reflect actual quantities on hand as ascertained by the actual count, weight or measurement, by competent employees under the supervision of management;
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 tangible 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 tangible 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 tangible capital assets shown on the books of the organization.
5. Where the value of any tangible 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.

Corporate Minutes

The minute books of the organization contain an accurate record of all of the business transacted at meetings of 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 for which appropriate accounting recognition and financial statement disclosure has not been given.

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.

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.

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 FOR NORTH TORONTO MEMORIAL ARENA

Per _____

Eric Anweiler

Board of Management for North Toronto Memorial Arena

Period ending: December 31, 2013

Summary of unadjusted errors

Rev. 2012-1

Preliminary overall materiality is \$16,000; Final overall materiality is \$16,000.

All misstatements over \$640 are to be recorded on this summary. Misstatements below this threshold are considered trivial.

The tax rate used in this schedule is nil%.

Description of Possible Misstatement	WP Ref.	INCOME STATEMENT Overstated or (Understated)			BALANCE SHEET Overstated or (Understated)			F/S Disclosures	Corrected?
		Identified Mis-statement	Likely Aggregate Mis-statement	Likely Aggregate Mis-statement After Tax	Assets	Liabilities	Closing Equity		
Overstatement of Ad revenue and understatement of deferred revenue for Ad revenues related to January - December 2014 recorded in 2013	PL2	9,915	9,915	9,915		(9,915)	9,915		No
Understatement of payroll liability	BB3	23,293	23,293	23,293		(23,293)	23,293		No
Undersatement of vacation liability	BB4	29,141	29,141	29,141		(29,141)	29,141		No
Understatement of accrued liability	BB2	3,907	3,907	3,907		(3,907)	3,907		No
Amount receivable from the City of Toronto that would result from above			(66,256)	(66,256)	66,256		66,256		No
Total					66,256	(66,256)	132,512		
Effect of Unadjusted Errors From Prior Years			(56,877)	(56,877)					
Aggregate Likely Misstatements			(56,877)	(56,877)	66,256	(66,256)	132,512		
Further Possible Misstatements									
Maximum Possible Misstatements			(56,877)	(56,877)	66,256	(66,256)	132,512		
Corrected Misstatements									
Uncorrected Misstatements			(56,877)	(56,877)	66,256	(66,256)	132,512		
Materiality			16,000	16,000	16,000	16,000	16,000	16,000	
Margin Remaining For Further Possible Misstatements			(40,877)	(40,877)	(50,256)	(50,256)	(116,512)	16,000	

Prepared by	Reviewed by	Reviewed by	Reviewed by
VL 01/05/2014			GI 21/05/2014

Document is up to date

05/23/14
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