The balance sheet of this copy of the financial statements should be signed by the director(s) whose name(s) have been printed on the other copies and this copy should then be returned to Welch LLP for their records.

FINANCIAL STATEMENTS

For

BOARD OF MANAGEMENT OF MOSS PARK ARENA

For the year ended

DECEMBER 31, 2014

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, 2014, 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.

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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 13, 2015.

Welch LLP – Chartered Accountants
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BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	$ 114,131	$ 149
Accounts receivable (note 7)	5,342	90,594
Accounts receivable - City of Toronto (note 6)	314,941	312,316
Due from the City of Toronto - deficit (note 5)	21,732	25,068
Prepaid expenses	490	1,028
Inventories	7,763	4,285
	464,399	433,440
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	63,186	37,789
Deferred revenue	76,272	73,335
City of Toronto - working capital advance	10,000	10,000
Post-employment benefits payable (note 6)	314,941	312,316
	464,399	433,440
NET FINANCIAL ASSETS (LIABILITY)	-	-
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	28,424	21,833
ACCUMULATED SURPLUS	$ 28,424	$ 21,833

Approved on behalf of the Board of Management

....Chair

Dan Atkinson ....Member

(See accompanying notes)

BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenue		
Ice rentals	$ 413,011	$ 396,314
Hockey school, camps and league operations (Schedule A)	281,996	272,709
Snack bar and vending operations (Schedule B)	13,419	15,207
Pro shop and skate sharpening (Schedule B)	19,502	18,240
Facility rentals	5,600	4,978
Other	191	327
Funding from the City of Toronto for employee related costs	2,625	48,585
	736,344	756,360
Expenses		
Salaries and Wages	359,027	393,189
Employee Benefits	115,297	120,553
Utilities	148,113	139,875
Repairs and Maintenance	32,562	31,143
Professional Fees	5,687	4,765
Insurance	10,502	10,502
General administration	44,986	38,160
Amortization	3,964	3,436
Write-down of insurance settlement receivable (note 7)	-	29,520
	720,138	771,143
Net revenue over expenses (expenses over revenue) before the following	16,206	(14,783)
Vehicle and equipment reserve contribution (note 8)	(10,000)	(10,000)
Operating surplus (deficit)	6,206	(24,783)
Net expenditures receivable from the City of Toronto (note 5)	385	21,347
Annual surplus (deficit)	6,591	(3,436)
Accumulated surplus, beginning of year	21,833	25,269
Accumulated surplus, end of year	$ 28,424	$ 21,833

(See accompanying notes)

BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF NET CHANGE IN FINANCIAL ASSETS (LIABILITY)

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Annual surplus (deficit)	$ 6,591	$ (3,436)
Acquisition of tangible capital assets	(10,555)	-
Amortization of tangible capital assets	3,964	3,436
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, 2014

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	$ 6,591	$ (3,436)
Adjustments for:		
Amortization	3,964	3,436
	10,555	-
Non-cash changes to operations:		
Accounts receivable	85,252	33,281
Accounts receivable - City of Toronto	(2,625)	(4,095)
Due from the City of Toronto - deficit	3,336	(25,068)
Inventories	(3,478)	460
Prepaid expenses	538	(462)
Accounts payable and accrued liabilities - City of Toronto	-	(5,583)
Accounts payable and accrued liabilities	25,397	(19,826)
Due to the City of Toronto - surplus	-	(460)
Deferred revenue	2,937	(17,305)
Post-employment benefits payable	2,625	4,095
Cash flows provided by (used in) operating activities	124,537	(34,963)
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(10,555)	-
Cash flows used in capital transactions	(10,555)	-
INCREASE (DECREASE) IN CASH	113,982	(34,963)
CASH AT BEGINNING OF YEAR	149	35,112
CASH AT END OF YEAR	$ 114,131	$ 149

(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. 381-74, 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 *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
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 Multi-employer 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 Multi-employer 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 significant changes in the Centre's risk exposures from the prior year.

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Machinery and equipment	$ 44,917	$ 16,493	$ 34,362	$ 12,529
Computer equipment	3,910	3,910	3,910	3,910
	48,827	$ 20,403	38,272	$ 16,439
Accumulated amortization	20,403		16,439	
	$ 28,424		$ 21,833	

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

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

	2014	2013
Balance, beginning of year	$ (25,068)	$ 460
Current year's operating surplus (deficit)	6,206	(24,783)
Current year's tangible capital asset purchases	(10,555)	-
Current year's amotization	3,964	3,436
Net expenditure receivable from the City of Toronto	(385)	(21,347)
Received from (paid to) the City of Toronto during the current year	3,721	(4,181)
Balance, end of year	$ (21,732)	$ (25,068)

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% to 6%
- rate of compensation increase - 3%
- discount rates - post-retirement 3%, post-employment 2.8%, sick leave 3.2%

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

	2014	2013
Continuation of benefits to disabled employees	$ 134,357	$ 135,300
Income benefits	216,637	224,676
Sick leave benefits	60,211	63,546
Post-retirement benefits	75,980	65,939
	487,185	489,461
Deduct: unamortized actuarial loss	(172,244)	(177,145)
Employee benefit liability	$ 314,941	$ 312,316

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

The continuity of the accrued benefit obligation is as follows:

	2014	2013
Balance, beginning of year	$ 312,316	$ 308,221
Current service cost	2,910	2,842
Interest cost	17,636	16,130
Amortization of actuarial loss	30,537	30,857
Expected benefits paid	(48,458)	(45,734)
Balance, end of year	$ 314,941	$ 312,316

Expenditures relating to employee benefits are included in employee benefits on the statement of operations in the amount of $2,625 (2013 - $4,095) and include the following components:

	2014	2013
Current service cost	$ 2,910	$ 2,842
Interest cost	17,636	16,130
Amortization of actuarial loss	30,537	30,857
Less expected benefits paid during the year	(48,458)	(45,734)
Total expenditures related to post-retirement benefits	$ 2,625	$ 4,095

A receivable of $314,941 (2013 - $312,316) 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 $33,503 in 2014 (2013 - $32,234).

The most recent actuarial valuation of the OMERS plan as at December 31, 2014 indicates the Plan is not fully funded and the plan's December 31, 2014 financial statements indicate a deficit of $7.08 billion (less an additional $1.8 billion 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 wrote down the receivable by $29,520 to $86,654, which was received in 2014.

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 (2013 - $10,000).

SCHEDULE A

BOARD OF MANAGEMENT OF MOSS PARK ARENA

HOCKEY SCHOOL, CAMP AND LEAGUE OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Sales		
Hockey League Registration	$ 122,900	$ 127,299
Hockey Winter League	65,429	48,563
Hockey School Camp	51,746	66,547
Hockey School Registration	70,724	65,742
Women's pickup	8,310	6,910
	319,109	315,061
Direct expenses		
Hockey League Referees	26,640	26,750
Hockey League expenses	5,173	7,364
Hockey School and Camp	2,065	4,938
Hockey School and Camp Instructors	3,235	3,300
	37,113	42,352
Gross Profit	$ 281,996	$ 272,709

BOARD OF MANAGEMENT OF MOSS PARK ARENA

SNACK BAR AND VENDING OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Sales		
Snack bar	$ 18,584	$ 23,481
Vending machines	8,601	9,969
	27,185	33,450
Less: Cost of goods sold	13,766	18,243
Gross profit	$ 13,419	$ 15,207

PRO SHOP AND SHARPENING OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Sales		
Pro Shop	$ 5,166	$ 12,934
Skate sharpening	16,932	15,633
	22,098	28,567
Less: Cost of goods sold	2,596	10,327
Gross profit	$ 19,502	$ 18,240

April 1, 2015

Board of Management of Moss Park Arena
140 Sherbourne Street
Toronto, Ontario
M5A 2R6

PRIVATE AND CONFIDENTIAL

Attention: Mr. Mike Pisano

Dear Sir:

Re: Audit of the December 31, 2014 Financial Statements

During the course of our audit of the financial statements for the year ended December 31, 2014, we identified some matters which may be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have outlined matters below along with some suggestions for your consideration.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with you and your staff. We have discussed the matters in this report with yourself and Michael Faller and received his comments thereon.

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OTHER DEFICIENCIES IN INTERNAL CONTROLS AND OTHER REPORTABLE MATTERS

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 and we write a cheque for petty cash for the exact amount of the receipts.

Bank reconciliations

At present bank reconciliations are only being prepared bi-annually by the Site Supervisor. We recommend that bank reconciliations be performed more frequently 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.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from Mike and his staff.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

Welch LLP

Per: Bryan Haralovich, CA, CPA, CPA (Illinois)
Partner