

**The Board of Directors of the  
Hummingbird Centre for the  
Performing Arts**

(operating as The Sony Centre for the  
Performing Arts)

Financial Statements  
**December 31, 2010**

June 9, 2011

## **Independent Auditor's Report**

### **To the Board of Directors of The Board of Directors of the Hummingbird Centre for the Performing Arts**

We have audited the accompanying financial statements of The Board of Directors of the Hummingbird Centre for the Performing Arts (operating as the Sony Centre for the Performing Arts) (the centre), which comprise the balance sheet as at December 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 centre as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Other matters**

The prior year's financial statements were audited by another firm of chartered accountants who expressed an unmodified opinion in their report dated March 3, 2010.

*PricewaterhouseCoopers LLP*

Chartered Accountants, Licensed Public Accountants

# The Board of Directors of the Hummingbird Centre for the Performing Arts

(operating as The Sony Centre for the Performing Arts)

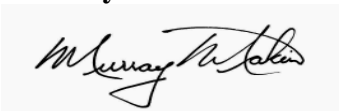
Balance Sheet

As at December 31, 2010

	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	2,597,407	569,640
Accounts receivable (note 12)	1,402,155	200,216
Due from the City of Toronto (note 3)	6,744,830	1,891,310
Inventory	-	2,806
Prepaid expenses	17,022	8,583
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	10,761,414	2,672,555
<b>City of Toronto</b> - employee future benefits receivable	89,640	-
<b>Capital assets</b> - net (note 7)	3,384,149	1,326,432
<b>Other asset</b> (note 8)	559,534	559,534
	<hr/>	<hr/>
	14,794,737	4,558,521
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	4,563,653	2,777,911
Due to the City of Toronto		
Operating surplus (note 3)	126,358	307,258
Refundable municipal grant	-	16,761
Trade payables	9,306	18,496
Surcharge payable	220,393	-
Deferred revenue	557,261	22,126
Advance ticket sales	1,283,617	-
	<hr/>	<hr/>
	6,760,588	3,142,552
<b>Loan due to City of Toronto</b> (note 3)	4,650,000	-
<b>Employee future benefits</b> (note 9)	89,640	89,537
<b>Deferred capital contributions</b> (note 10)	3,282,570	1,191,150
	<hr/>	<hr/>
	14,782,798	4,423,239
<b>Unrestricted Net Assets</b>	11,939	135,282
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	14,794,737	4,558,521

**Commitments and contingencies** (note 14)

**Approved by the Board of Directors**



Director



Director

# The Board of Directors of the Hummingbird Centre for the Performing Arts

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Statement of Operations and Changes in Net Assets

For the year ended December 31, 2010

	2010 \$	2009 \$
<b>Revenue</b>		
Operating		
Performance	5,244,325	-
Rental	560,297	-
Ancillary	1,705,562	163,244
Other recoveries (note 3)	474,638	591,617
Interest and other	1,943	449
City of Toronto		
Grant	1,087,100	1,144,339
Funding from the Facility Fee Reserve Fund (note 6)	1,166,700	1,498,427
Other revenue	200,000	-
Amortization of deferred capital contributions	441,198	98,967
	<u>10,881,763</u>	<u>3,497,043</u>
<b>Expenses</b>		
Operating		
Salaries, wages and benefits (note 9)	4,043,266	1,963,284
Presentation and production	4,781,016	50,000
Ancillary	780,879	142,258
Building operations	629,315	437,997
Administration	619,370	420,811
Amortization of capital assets	467,469	114,025
Loss on disposal of internally funded capital assets (note 3)	7,432	14,500
Gain on disposal of externally funded capital assets (note 7)	(449,999)	-
	<u>10,878,748</u>	<u>3,142,875</u>
<b>Excess of revenue over expenses before the following</b>	3,015	354,168
<b>Transfer to the City of Toronto</b> (note 3)	<u>(126,358)</u>	<u>(307,258)</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	(123,343)	46,910
<b>Unrestricted net assets - Beginning of year</b>	<u>135,282</u>	<u>88,372</u>
<b>Unrestricted net assets - End of year</b>	<u>11,939</u>	<u>135,282</u>

# The Board of Directors of the Hummingbird Centre for the Performing Arts

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Statement of Cash Flows

For the year ended December 31, 2010

	2010 \$	2009 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	(123,343)	46,910
Add (deduct): Non-cash items		
Amortization of deferred capital contributions	(441,198)	(98,967)
Amortization of capital assets	467,469	114,025
Gain on disposal of externally funded capital assets (note 7)	(449,999)	-
Loss on disposal of internally funded capital assets (note 3)	7,432	14,500
	(539,639)	76,468
Net change in non-cash working capital balances related to operations (note 11)	1,637,212	300,606
Change in employee future benefits	103	27,426
	1,097,676	404,500
<b>Investing activities</b>		
Purchase of capital assets	(3,386,362)	(76,468)
<b>Financing activities</b>		
Due from the City of Toronto	(4,853,520)	(249,254)
Accounts payable and accrued liabilities - redevelopment charges	1,133,611	1,381,500
Loan proceeds from the City of Toronto	4,650,000	2,238,560
Repayment of city loan	-	(4,000,000)
Contributions received for capital purchases	3,386,362	-
	4,316,453	(629,194)
<b>Increase (decrease) in cash during the year</b>	2,027,767	(301,162)
<b>Cash - Beginning of year</b>	569,640	870,802
<b>Cash - End of year</b>	2,597,407	569,640

# The Board of Directors of the Hummingbird Centre for the Performing Arts

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## 1 Operations and relationship with the City of Toronto

The Board of Directors of the Hummingbird Centre for the Performing Arts operates under the name, The Sony Centre for the Performing Arts (the centre).

The centre manages a theatre and centre for meetings, receptions and displays with the same name under the terms of an agreement between the centre and the City of Toronto (the city).

The centre is continued as a city board pursuant to the City of Toronto Act, 2006.

On June 30, 2008, the centre ceased programming operations to upgrade the mechanical and electrical systems along with refurbishing the internal areas of the centre. The centre resumed full operations in October of 2010.

The centre is a registered charitable organization and as such is not subject to income taxes.

## 2 Summary of significant accounting policies

The financial statements of the centre have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as summarized below.

### Revenue recognition

The centre follows the deferral method of accounting for contributions, which include grants and other funding. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for amortizable capital assets are deferred and amortized over the life of the related capital asset. Deferred revenue consists of the centre's unredeemed gift certificates, sponsorship revenue and membership revenue that will be earned in future periods.

Performance, rental and ancillary revenues are recognized on the date of the attraction, event or point of sale.

### Inventory

Inventory is recorded at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

### Capital assets

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	4 years
Stage equipment	10 years
Other equipment	5 years
Furniture	5 years

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Major capital facilities of the centre, including the land and building in which the centre operates, are recorded in the accounts of the city. Expenditures for leasehold improvements to the centre are charged to the city's capital works program and the corresponding funding is withdrawn from the Facility Fee Reserve Fund (note 6). These assets are recorded in the accounts of the city and are therefore not recorded as assets in these financial statements.

Chattel assets, assets that are considered to be removable, are the property of the centre and are recorded in the financial statements.

## **Contributed materials and services**

Contributed materials and services are not recognized in the financial statements as fair value is not readily determinable.

## **Employee future benefits**

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

- the centre's contributions to a multi-employer, defined benefit pension plan and to deferred retirement savings plans are expensed when contributions are due;
- the costs of termination benefits and compensated absences are recognized when the event that obligates the centre occurs. Costs include projected future compensation payments, health-care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- the costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, and expected health-care costs;
- past service costs from plan amendments are amortized on a straight-line basis over the expected average remaining service period of employees active at the date of amendment;
- employee future benefit liabilities are discounted using current interest rates on long-term bonds; and
- net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group.

## **Derivative financial instruments and cash flow hedging strategy**

A substantial portion of the centre's purchases can be for attractions denominated in US dollars. The centre, on occasion, may utilize derivative financial instruments in the management of its foreign currency exposure. The centre's policy is not to utilize derivative financial instruments for trading or speculative purposes.

# **The Board of Directors of the Hummingbird Centre for the Performing Arts**

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The centre can enter into hedges of its foreign currency exposures on anticipated foreign currency denominated expenses and resulting cash flows within the following year by entering into offsetting forward foreign exchange contracts when it is deemed appropriate.

The centre documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives to forecasted transactions.

Hedges are recorded at fair value and included on the balance sheet. The effective portion of the gain or loss is recorded as a direct increase in unrestricted net assets and the ineffective portion, if any, is recognized in the statement of operations.

## **Financial instruments**

The centre has chosen to continue to apply The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, Financial Instruments - Disclosure and Presentation in place of Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

## **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the rates prevailing at the transaction dates. Revenue and expenses are translated at the exchange rates on the date of the transaction. Realized and unrealized exchange gains and losses are included in the statement of operations for the year.

## **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## **3 Related party transactions**

- a) In August 2009, the centre updated its agreement with the city to re-purpose and rename the Capital Improvement and Rehabilitation Reserve Fund as the Facility Fee Reserve Fund - Sony Centre (the fund), which is recorded in the accounts of the city (note 6). A capital surcharge applied to all tickets sold for attractions at the centre, corporate contributions for a capital purpose and government grants for a capital purpose are recorded in the fund, which is not recorded in these financial statements. The fund has been re-purposed to fund capital maintenance costs for state of good repair work, heritage preservation, and major capital costs for the renovation of the theatre as well as repayment of advances and loans related to capital projects. Funding from the fund is used to finance the capital works expenditures (notes 5 and 6).

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In the normal course of operations, the centre incurs costs for various expenses payable to the city such as hydro, legal and other administration expenses. In addition, the city has agreed to cover certain salary costs related specifically to the centre's renovation plan, which are included in other recoveries in the statement of operations and changes in net assets. Transactions between the city and the centre are made at the agreed upon exchange amount.

As at December 31, 2010, a balance of \$6,744,830 (2009 - \$1,891,310) was recorded on the balance sheet as a receivable from the city (from the fund) in connection with expenditures made by the centre and recoverable from the city.

As part of the terms of the agreement between the centre and the city, any operating excess or deficiency is to be transferred to or recovered from the city. The amount of the transfer of operating income to the city is based on the excess of revenue after adjustments for non-cash items and internally funded capital items. It is calculated as follows:

	<b>2010</b>	<b>2009</b>
	\$	\$
Excess of revenue over expenses before transfer to the city	3,015	354,168
Add (deduct) non-cash items		
Amortization of deferred capital contributions	(441,198)	(98,967)
Amortization of capital assets	467,469	114,025
Employee future benefits	89,640	-
Loss on disposal of internally funded asset	7,432	14,500
Purchase of internally funded capital assets	-	(76,468)
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Payable to the city	126,358	307,258
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## Long-term loan disclosure

During the year, the centre received a long-term loan of \$4,650,000 from the city. The loan is subject to a 5% fixed interest rate compounded semi-annually. The original terms of the loan were such that it was repayable in ten equal annual payments of principal and interest beginning on January 1, 2011 and ending on January 1, 2020. However, subsequent to year-end, the terms were amended such that repayment was extended to 15 equal annual payments of principal and interest beginning on January 1, 2012 and ending on January 1, 2026, consequently, the loan has been classified as long term in nature.

- b) In the current year, hydro services were purchased from Toronto Hydro, which is related to the centre by virtue of its relationship with the city. During the year, purchases of hydro amounted to \$129,475 (2009 - \$2,668). The amount payable to Toronto Hydro at year-end was \$45,184 (2009 - \$nil).
- c) Related party additional disclosure

During the year, the centre sold services to a senior employee for \$15,153 (2009 - \$nil). The services were valued at current market rates. This amount was included in receivables at the year-end (2009 - \$nil).

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In addition, the centre entered into a contract with a company owned by a senior employee for the provision of promotion services. The contract was valued at current market rates and an amount of \$7,910 was paid to this company in the year.

## 4 Stabilization Reserve - Sony Centre

The centre has an agreement with the city that established in the accounts of the city a Stabilization Reserve. Under the operating agreement with the centre, the city is entitled to the operating surpluses of the centre and is responsible for the centre's deficits in any year. In certain years since 1996, the centre has been allowed by the city to transfer its operating surplus into the Stabilization Reserve for the purpose of putting surpluses aside in better years in order to offset deficits in other years. The last such transfer of operating income into the Stabilization Reserve allowed by the city was in 2004.

As at December 31, 2010, the balance in the Stabilization Reserve is \$181,185 (2009 - \$181,185).

## 5 Capital Works Program Fund - Sony Centre redevelopment project

The city approved the centre's redevelopment plan as part of its capital works program in 2008.

In October 2009, the redevelopment plan was updated and approved by city council within its capital budget with a planned expenditure of \$11.5 million on the east side mechanical and electrical upgrade, \$19.46 million for the renovation of the theatre, and \$1 million for the public plaza for a total estimated cost of \$31.96 million. Included in this recommendation was the availability of a capital completion loan of \$4.65 million.

Funding for the project expenditures is received from the fund.

The changes in the capital works program, which are not recorded in these financial statements, but are recorded in the city's accounts, are as follows:

	2010 \$	2009 \$
Capital works program deficit - Beginning of year	-	(1,749,618)
Transfer from the Facility Fee Reserve Fund (note 6)	20,453,214	6,698,295
East side mechanical and electrical project expenditures	(10,338,876)	(2,492,086)
Theatre renovation project expenditures (note 3)	(13,727,394)	(2,456,591)
Plaza expenditures	(248,327)	-
Funding of chattel asset purchases (note 10)	(2,834,013)	-
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Capital works program deficit - End of year	(6,695,396)	-

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## 6 Facility Fee Reserve Fund - Sony Centre

Funding for the centre's Capital Works Program as described in note 5 comes largely from the sale of density rights in the year ended December 31, 2009 on the southwest corner of the centre site to Ferncastle (Front Street) Inc. Proceeds received from the sale of density rights were recorded in the fund and are being transferred to the capital works program to cover renovation expenditures of the centre and to cover operating costs during the construction period.

The changes in the fund, which are not recorded in these financial statements, but are recorded in the city's accounts as described in note 3, are as follows:

	2010 \$	2009 \$
Balance - Beginning of year	16,883,141	-
Revenue from ticket capital surcharge	311,300	-
Proceeds from the sale of density rights	3,459,000	25,063,540
Proceeds from the developer for special items	800,000	-
Investment income	57,251	16,323
Other sundry revenue	171,406	-
Funding of operations	(1,166,700)	(1,498,427)
Transfer to capital works program - Sony Centre Redevelopment Project (note 5)	(20,453,214)	(6,698,295)
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Balance - End of year	62,184	16,883,141

## 7 Capital assets

	<b>2010</b>		
	<b>Cost</b> \$	<b>Accumulated amortization</b> \$	<b>Net</b> \$
Computer equipment	1,812,180	757,084	1,055,096
Stage equipment	2,340,576	490,240	1,850,336
Other equipment	441,443	153,750	287,693
Furniture	423,338	232,314	191,024
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	5,017,537	1,633,388	3,384,149

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	<b>2009</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>
		<b>\$</b>	
Computer equipment	315,180	183,588	131,592
Stage equipment	1,826,856	721,965	1,104,891
Other equipment	214,723	204,803	9,920
Furniture	281,297	201,268	80,029
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	2,638,056	1,311,624	1,326,432
			<hr/>

During 2010, the centre disposed of capital assets with an original cost of \$898,452 and accumulated amortization of \$37,276 for proceeds of \$449,999. After taking into account the unamortized deferred capital contributions of \$853,744 related to the assets, the disposal resulted in a net gain on sale of \$442,567.

## 8 Other asset

In 2007, the centre was the recipient of a gift of a condominium unit scheduled for completion in 2012. The intention of the centre is to resell the condominium unit at a time that maximizes value.

## 9 Employee future benefits

The centre makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer pension plan, on behalf of many 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, pension formula and best 60 months of earnings. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, the centre does not recognize any share of the OMERS pension surplus or deficit. Employers' current service contributions to the OMERS pension plan in the amount of \$163,482 (2009 - \$115,505) were expensed and are included in salaries, wages and benefits.

In addition to other than continuous full-time offers to participate in the OMERS plan, the centre has arrangements with bargaining units to make contributions to registered retirement savings plans on behalf of its employees. Contributions in the amount of \$52,809 (2009 - \$5,686) were expensed and are included in salaries, wages and benefits.

The centre also contributes the employer portion of the Canada Pension Plan (CPP) and Employment Insurance (EI). For 2010, the total of these contributions were: CPP \$118,739 (2009 - \$54,405) and EI \$61,847 (2009 - \$27,431), which were expensed and are included in salaries, wages and benefits.

# The Board of Directors of the Hummingbird Centre for the Performing Arts

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The city has a benefit plan for employees providing health, dental, life insurance and long-term disability benefits, which is extended to certain employee classes of the centre for the provision of long-term disability benefits. An amount of \$103 (2009 - \$27,426), as determined by the city's actuary, was expensed and is included in salaries, wages and benefits.

The employee future benefits payable related to these plans recorded in the financial statements consist of the following:

	<b>2010</b>	<b>2009</b>
	\$	\$
Accrued benefit obligations	501,049	502,846
Less: Unamortized actuarial loss	(411,409)	(413,309)
	<hr/>	<hr/>
Total employee future benefits payable	89,640	89,537

The post-retirement and other post-employment benefits plans as noted above are unfunded; however, the centre participates in reserve funds established by the city. No amounts were contributed to these reserve funds during 2009 and 2010.

Due to the complexities in valuing the liabilities of the plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as of December 31, 2010.

The significant actuarial assumptions adopted in measuring the centre's accrued benefit obligations and benefit costs are as follows:

	<b>2010</b>	<b>2009</b>
	%	%
Discount rate for accrued benefit obligation		
Post-retirement	5.10	6.10
Other post-employment	4.50	5.30
Discount rate for accrued benefit costs		
Post-retirement	7.60	5.00
Other post-employment	7.60	4.65
Rate of compensation increase	3.00	3.00

For measurement purposes, an 8.0% annual rate of increase in the per capita cost of covered health-care benefits was assumed except for a 4.0% annual rate of increase for dental benefits. The rates are assumed to decrease gradually to 4.0% by 2020 for all benefits except for the dental benefit rate that is assumed to decrease gradually to 3.0% by 2015, and remain at those levels thereafter.

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## 10 Deferred capital contributions

The changes in deferred capital contributions during the year are as follows:

	<b>2010</b>	<b>2009</b>
	\$	\$
Balance - Beginning of year	1,191,150	1,290,117
Amortization of deferred capital contributions	(441,198)	(98,967)
Contributions restricted for the purchase of capital assets (note 5)	3,386,362	-
Unamortized deferred capital contributions (note 7)	(853,744)	-
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Balance - End of year	3,282,570	1,191,150

Of the contributions received in the year, \$2,834,013 (2009 - \$nil) has been provided to fund chattel asset purchases (note 5).

## 11 Statement of cash flows

The net change in non-cash working capital balances related to operations consists of the following:

	<b>2010</b>	<b>2009</b>
	\$	\$
Accounts receivable	(751,940)	(103,816)
Inventory	2,806	-
Prepaid expenses	(8,439)	814
Accounts payable and accrued liabilities	652,131	174,196
City of Toronto - employee future benefits receivable	(89,640)	-
Due to city		
Operating surplus	(180,900)	229,256
Refundable municipal grant	(16,761)	16,761
Trade payables	(9,190)	(8,017)
Surcharge payable	220,393	-
Deferred revenue	535,135	(8,588)
Advance ticket sales	1,283,617	-
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	1,637,212	300,606

Excluded from accounts payable and accrued liabilities is \$1,133,611 (2009 - \$1,381,500) of non-operating redevelopment charges. Excluded from accounts receivable is \$449,999 (2009 - \$nil) of non-operating proceeds on disposal of externally funded capital assets.

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## **12 Financial instruments**

The carrying values of the centre's financial instruments approximate their fair values unless otherwise noted.

The centre is exposed to gains/losses that arise with respect to the degree of volatility of foreign exchange rates. The centre, during the normal course of operations, may have contractual obligations in US dollars for artists and attractions, which are subject to foreign exchange gains/losses between the time of contracting and the time of payment. Depending on the quantum of the exposure, the centre may use foreign exchange contracts to fix the exchange rate for the value of the US dollar relative to the Canadian dollar at the time of booking.

As at December 31, 2010, the centre had no open forward foreign exchange contracts committing it to purchase US dollars (2009 - \$nil).

The centre is exposed to changes in electricity prices associated with a wholesale spot market for electricity in Ontario. The centre has addressed the commodity price risk exposure associated with changes in the wholesale price of electricity by entering into energy related purchase and sales contracts, through their participation in an agreement entered into by the city, that fixes a portion of the wholesale price over the term of the contract. All contracts entered into in 2010 expired by December 31, 2010.

Accounts that are receivable result in exposure to credit risk since there is a risk of counterparty default. The centre provides for an allowance for doubtful accounts to absorb potential credit losses. As at December 31, 2010, two accounts represent 59% of the total accounts receivable balance (2009 - two accounts represent 37%).

## **13 Capital management**

In managing capital, the centre focuses on liquid resources available for operations. The centre's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget and managing capital expenditures relating to the redevelopment project as described in note 5. As at December 31, 2010, the centre has met its objective of having sufficient liquid resources to meet its current obligations.

# The Board of Directors of the Hummingbird Centre for the Performing Arts

(operating as The Sony Centre for the Performing Arts)

Notes to Financial Statements

December 31, 2010

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## 14 Commitments and contingencies

### Leases

The centre is committed under the terms of equipment operating leases approximately as follows:

	\$
2011	17,908
2012	15,420
2013	15,420
2014	15,420
2015	15,420
	<hr/>
	79,588
	<hr/>

### Contingencies

The centre has been served notice from a bargaining unit union with a request for the centre to review its pay equity plan adopted and posted in 1990. The centre's management, in consultation with its lawyers and pay equity consultant, is evaluating the validity of the review. The amount of any liability that may result from this review is not determinable at this time.