

CASA LOMA CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2011

Hilborn Ellis Grant LLP

Chartered Accountants

Toronto, Ontario





Hilborn Ellis Grant LLP
Chartered Accountants

Independent Auditors' Report

To the Board of Trustees of
Casa Loma Corporation

We have audited the accompanying financial statements of **Casa Loma Corporation**, which comprise the statement of financial position as at December 31, 2011, and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the period from date of incorporation June 20, 2011 to December 31, 2011, 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 Casa Loma Corporation as at December 31, 2011 and the results of its operations, changes in net financial assets and its cash flows for the period from date of incorporation June 20, 2011 to December 31, 2011 in accordance with Canadian public sector accounting standards.

Toronto, Ontario
April 27, 2012

Hilborn Ellis Grant LLP
Chartered Accountants
Licensed Public Accountants

CASA LOMA CORPORATION

Statement of Financial Position

December 31, 2011

	\$
FINANCIAL ASSETS	
Cash	908,014
Accounts receivable	<u>84,507</u>
	<u>992,521</u>
LIABILITIES	
Accounts payable and accrued liabilities	641,949
Deposits on future functions	<u>15,971</u>
	<u>657,920</u>
NET FINANCIAL ASSETS	<u>334,601</u>
NON-FINANCIAL ASSETS	
Inventories (note 3)	49,022
Prepaid expenses	21,410
Capital assets (note 4)	1,488,323
Intangible assets (note 5)	<u>89,391</u>
	<u>1,648,146</u>
ACCUMULATED SURPLUS	<u>1,982,747</u>

Approved on behalf of the Board:

Director

Director



CASA LOMA CORPORATION

Statement of Operations and Accumulated Surplus

Period from date of incorporation June 20, 2011 to December 31, 2011

	<u>\$</u>
Revenues	
Operations	1,668,799
Gift shop	167,910
Catering and cafeteria	397,089
Marketing	4,934
Administration and finance	<u>102,380</u>
	<u>2,341,112</u>
Expenditures	
Operations	758,081
Gift shop	160,535
Catering	180,466
Marketing	200,261
Administration and finance	<u>534,222</u>
	<u>1,833,565</u>
Surplus for period	507,547
Accumulated surplus, beginning of period	-
Equity contribution City of Toronto	<u>1,475,200</u>
Accumulated surplus, end of period	<u><u>1,982,747</u></u>

CASA LOMA CORPORATION

Statement of Changes in Net Financial Assets

Period from date of incorporation June 20, 2011 to December 31, 2011

	\$
Surplus for period	507,547
Equity contribution City of Toronto	1,475,200
Balance, end of period	1,982,747
Acquisition of capital assets	(1,502,696)
Acquisition of intangible assets	(91,293)
Acquisition of inventories	(132,367)
Acquisition of prepaid expenses	(22,725)
Amortization of capital assets	14,373
Amortization of intangible assets	1,902
Consumption of inventories	83,345
Use of prepaid expenses	1,315
	(1,648,146)
Net change in net financial assets	334,601
Net financial assets, beginning of period	-
Net financial assets, end of period	334,601

CASA LOMA CORPORATION

Statement of Cash Flows

Period from date of incorporation June 20, 2011 to December 31, 2011

	<u>\$</u>
Cash flows from operating activities	
Excess of revenues over expenditures for period	507,547
Items not affecting cash	
Amortization of capital assets	14,373
Amortization of intangible assets	1,902
	<u>523,822</u>
Change in non-cash working capital items	
Increase in accounts receivable	(84,507)
Increase in inventories	(49,022)
Increase in prepaid expenses	(21,410)
Increase in accounts payable and accrued liabilities	641,949
Increase in deposits on future functions	15,971
	<u>1,026,803</u>
Cash flows from investing activities	
Purchase of capital assets	(1,502,696)
Purchase of intangible assets	(91,293)
	<u>(1,593,989)</u>
Cash flows from financing activities	
Equity contribution from City of Toronto	1,475,200
	<u>1,475,200</u>
Increase in cash and cash balance, end of period	<u><u>908,014</u></u>

CASA LOMA CORPORATION

Notes to Financial Statements

December 31, 2011

1. **Description of Organization**

Casa Loma Corporation was incorporated June 20, 2011 under the Ontario Business Corporations Act. The City of Toronto is the sole shareholder and the number of shares is restricted to one share. The corporation operates Casa Loma, a tourist attraction. Casa Loma Corporation acquired the net assets and began operations of Casa Loma effective July 20, 2011.

2. **Significant accounting policies**

These financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) as recommended in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants (CICA).

(a) **Inventories**

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

(b) **Capital assets**

Capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Office equipment	5 years
Computer hardware	5 years
Computer software	5 years
Furniture and equipment	5 years
Improvements to property	10 years
Elevator equipment	5 years

No amortization is provided on arts and antiquities.

(c) **Intangible assets**

Intangible assets include trademarks recorded at cost. Trademarks are amortized using the straight-line method over 20 years.



CASA LOMA CORPORATION

Notes to Financial Statements (continued)

December 31, 2011

2. **Significant accounting policies (continued)**

(d) **Management 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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Key areas where management has made estimates are the valuation of arts and antiquities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

(e) **Revenue recognition**

Revenue from admission and gift shop sales is recognized at time of sale.

Revenue from catering, special events and programs is recognized when events or programs are held.

Revenue from rental, parking and cafeteria operations is calculated on a monthly basis under licence/lease agreements.

(f) **Financial instruments**

The carrying amounts of accounts receivable and accounts payable and accrued liabilities approximate fair value due to the short-term nature of these financial instruments.

It is management's opinion that, unless otherwise noted, the organization is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

3. **Inventories**

Inventories consist of souvenirs. During the period, an inventory write down of \$6,436 was recorded.

CASA LOMA CORPORATION

Notes to Financial Statements (continued)

December 31, 2011

4. Capital assets

	Cost \$	Accumulated Amortization \$	Net \$
Furniture and equipment	64,333	5,361	58,972
Computer hardware	7,307	609	6,698
Computer software	8,108	676	7,432
Improvements to property	138,476	5,770	132,706
Elevator equipment	23,497	1,958	21,539
Arts and antiquities	1,260,976	-	1,260,976
	<u>1,502,697</u>	<u>14,374</u>	<u>1,488,323</u>

5. Intangible assets

	Cost \$	Accumulated Amortization \$	Net \$
Trademarks	<u>91,293</u>	<u>1,902</u>	<u>89,391</u>

6. Registered Retirement Savings Plan

The company sponsors a money purchase pension plan, which requires a matching contribution of up to 3% of the gross salary of full time employees. The organization contributed \$13,613 to the plan during the period.

7. Commitments

The organization is committed to lease certain audio and office equipment and has entered into long-term service contracts for maintenance and security.

The minimum payments under these agreements are as follows:

	\$
2012	463,621
2013	445,022
2014	448,047
2015	128,270
2016	64,135
	<u>1,549,095</u>



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Hilborn Ellis Grant LLP
Chartered Accountants
Since 1930

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