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

For

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

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 LEASIDE MEMORIAL COMMUNITY GARDENS

We have audited the accompanying financial statements of the Board of Management of Leaside Memorial Community Gardens, which comprise the statement of financial position as at December 31, 2014, statements of operations, change in net financial assets (liabilities) 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 Leaside Memorial Community Gardens 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
September 28, 2015.

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BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	$ 336,590	$ 345,997
Accounts receivable - ice rentals and other	77,127	155,887
Accounts receivable - City of Toronto (note 9)	213,264	201,268
Due from City of Toronto - operating deficit (note 5)	392,394	401,061
Amounts to be recovered - City of Toronto (note 6)	62,640	70,575
Inventories	3,137	3,137
	1,085,152	1,177,925
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities - City of Toronto (notes 10 and 11)	747,620	695,578
Accounts payable and accrued liabilities - Other	95,296	143,759
Deferred revenue	137,803	205,867
Deposits	-	20,353
Loans payable (note 10)	8,205,241	8,354,534
Post-employment benefits payable (note 7)	104,433	112,368
	9,290,393	9,532,459
NET FINANCIAL ASSETS (LIABILITIES)	(8,205,241)	(8,354,534)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	4,212	1,926
Arena Expansion (note 6)	8,205,241	8,354,534
	8,209,453	8,356,460
ACCUMULATED SURPLUS	$ 4,212	$ 1,926

Approved by the Board of Management:

.... Chair

.... Treasurer

(See accompanying notes)

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenue		
Arena (Schedule A)	$ 1,351,004	$ 790,874
Pool (Schedule B)	213,264	201,268
Banquet/Meeting room (Schedule C)	96,452	7,198
Snack bar and vending (Schedule D)	82,280	39,911
Other income (Schedule E)	16,762	13,405
	1,759,762	1,052,656
Expenses		
Arena (Schedule A)	706,885	525,103
Pool (Schedule B)	135,231	113,256
Banquet/Meeting room (Schedule C)	33,044	13,662
Snack bar and vending (Schedule D)	52,257	43,546
Allocations	293,731	352,047
	1,221,148	1,047,614
Excess of revenue over expenses (expenses over revenue) before the following	538,614	5,042
Arena expansion amortization (note 10)	(149,293)	-
Debt reserve (note 11)	(71,610)	(35,585)
Vehicle and equipment reserve contributions (note 8)	(20,000)	(20,000)
Interest expense on loans payable (note 10)	(379,276)	(95,867)
Operating deficit	(81,565)	(146,410)
Net expenditure receivable from the City of Toronto (note 5)	83,851	144,360
Annual surplus (deficit)	2,286	(2,050)
Accumulated surplus, beginning of year	1,926	3,976
Accumulated surplus, end of year	$ 4,212	$ 1,926

(See accompanying notes)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITIES)

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Annual surplus (deficit)	$ 2,286	$ (2,050)
Acquisition of tangible capital assets	(5,420)	-
Amortization of tangible capital assets	3,134	2,050
Acquisition of arena expansion	-	(8,354,534)
Amortization of arena expansion	149,293	-
Change in net financial assets (liabilities)	149,293	(8,354,534)
Net financial assets (liabilities), beginning of year	(8,354,534)	-
Net financial assets (liabilities), end of year	$ (8,205,241)	$ (8,354,534)

(See accompanying notes)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual deficit	$ 2,286	$ (2,050)
Adjustments for:		
Amortization	3,134	2,050
Arena expansion amortization	149,293	-
	154,713	-
Non-cash changes to operations:		
Accounts receivable - ice rentals and other	78,760	(16,107)
Accounts receivable - City of Toronto	(11,996)	(201,268)
Inventories	-	478
Due from City of Toronto - operating deficit	8,667	(144,360)
Amounts to be recovered - City of Toronto	7,935	-
Accounts payable and accrued liabilities - City of Toronto	52,042	347,852
Accounts payable and accrued liabilities - Other	(48,463)	82,410
Deferred revenue	(68,064)	151,105
Deposits	(20,353)	16,331
Post-employment benefits payable	(7,935)	(8,913)
Cash flows from (used in) operating activities	145,306	227,528
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(5,420)	-
Construction of arena expansion	-	(8,345,621)
Cash flows used in capital transactions	(5,420)	(8,345,621)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances (repayments) of long-term debt	(149,293)	8,354,534
Cash flows from (used in) financing activities	(149,293)	8,354,534
INCREASE (DECREASE) IN CASH	(9,407)	236,441
CASH AT BEGINNING OF YEAR	345,997	109,556
CASH AT END OF YEAR	$ 336,590	$ 345,997

(See accompanying notes)

1. NATURE OF OPERATIONS

The Leaside Memorial Community Gardens was established as a Memorial Community Centre under the Community Recreation Centres Act (RSO 1990, Chapter C.22), pursuant to Chapter 25 of the City of Toronto Municipal Code, by By-law No. 1374 (former Town of Leaside, December 17, 1951), as amended. The Board of Management operates and manages the Leaside Memorial Gardens Arena (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.

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 and rental deposits for the auditorium paid in advance are recorded as deposits or deferred revenue, if the amount has been invoiced.

Financial instruments

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

The organization 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 of Toronto.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and loans payable.

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.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

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
Furniture and equipment	- 5 years straight-line
Arena expansion	- 25 years sinking fund

The sinking fund method amortizes the arena expansion on the same basis as the loan repayments are required to be made.

Major capital expenditures that are financed by the Arena are recorded in these financial statements at the cost to the Arena.

Contributed material and services

Major capital expenditures that are financed by the City of Toronto, which owns the facility, are not recorded in these financial statements. Services provided without charge by the City are not recorded in these financial statements. Other contributed materials and services are not recognized in the financial statements due to the difficulty of determining their fair value.

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.

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, accounts receivable and amounts receivable 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 these items 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. The Arena's loans payable bear interest at fixed rates. Consequently, the Arena's exposure to interest rate risk 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 loans payable.

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.

Change in risk

There have been no changes in the Arena'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
Furniture and equipment	$ 15,668	$ 11,456	$ 10,248	$ 8,322
Accumulated amortization	11,456		8,322	
	$ 4,212		$ 1,926	

5. OPERATING DEFICIT DUE FROM THE CITY OF TORONTO

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

	2014	2013
Balance, beginning of year	$ (401,061)	$ (256,701)
Current year's operating deficit	(81,565)	(146,410)
Current year's tangible capital assets purchase	(5,420)	-
Current year's amortization	3,134	2,050
Current year's arena expansion amortization	(149,293)	-
Current year's principal loan repayments	149,293	-
Net expenditure receivable from the City of Toronto	(83,851)	(144,360)
Received during the current year	92,518	-
Balance, end of year	$ (392,394)	$ (401,061)

The balance at the beginning of 2013 is comprised of the following:

2002 operating deficit due, as restated	$ 178,906
2007 deficit	43,794
2007 advance	(92,760)
2007 receipt	(17,928)
2008 over payment (24,997-24,987)	10
Adjustment to 2004 deficit due to change in accounting policy	9,355
Adjustment to 2006 deficit due to change in accounting policy	449
Loan payments made for 2003 and 2006	42,357
2012 deficit	92,518
	$ 256,701

6. AMOUNTS TO BE RECOVERED - CITY OF TORONTO

	2014	2013
Employee benefits - post retirement benefits (note 7)	$ 42,640	$ 50,575
Expansion deposit	20,000	20,000
	$ 62,640	$ 70,575

The amounts shown above will ultimately be received from the City of Toronto when the post-retirement benefits are paid, the expansion funds are used and the loan is paid.

7. POST-EMPLOYMENT BENEFITS PAYABLE AND ACCOUNTS RECEIVABLE

The Arena participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its eligible employees. Under the sick leave plan for administration staff, unused sick leave accumulates and eligible employees may be entitled to a cash payment when they leave the Arena's employment. The liability for these accumulated days represents the extent to which they have vested and can be taken in cash by an employee upon termination, retirement or death.

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

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, 2014 with projections to December 31, 2015 and 2016. Assumptions used to project the accrued benefit obligations 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 3.0%, 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
Sick leave benefits	$ 52,044	$ 47,747
Post-retirement benefits	27,347	23,107
	79,391	70,854
Add: unamortized actuarial gain	25,042	41,514
Employee benefit liability	$ 104,433	$ 112,368

The continuity of the accrued benefit obligation during 2014 is as follows:

	2014	2013
Balance, beginning of year	$ 112,368	$ 121,281
Current service cost	944	672
Interest cost	3,002	2,315
Amortization of actuarial gain	(11,185)	(11,450)
Expected benefits paid	(696)	(450)
Balance, end of year	$ 104,433	$ 112,368

Recoveries in 2014 relating to employee benefits are included in administration employee benefits on the statement of operations in the amount of $7,935 (2013 - $8,913) and include the following components:

	2014	2013
Current service cost	$ 944	$ 672
Interest cost	3,002	2,315
Amortization of actuarial gain	(11,185)	(11,450)
Less expected benefits paid during the year	(696)	(450)
Total expenditures related to post-employment benefits	$ (7,935)	$ (8,913)

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

A receivable of $42,640 (2013 - $50,575) from the City has resulted from the recording of sick leave and post-retirement benefits and is included in the amounts to be recovered from the City, per note 6. 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 of administration staff 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. 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 $31,626 in 2014 (2013 - $33,386).

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.

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. In 2014, the contribution was $20,000 (2013 - $20,000).

9. **POOL AGREEMENT WITH CITY OF TORONTO**

Under an agreement between the Board of Management of Leaside Memorial Community Gardens and the former Corporation of the Borough of East York and now the City of Toronto, the Board is appointed to operate, manage and maintain the swimming pool facility located at 1073 Millwood Road. The agreement commenced on October 1, 1996 and was for a one year period and without notice to terminate the agreement from either party, automatically renews for successive one year terms.

The agreement requires the City of Toronto to pay an annual rental fee to the Board of Management of Leaside Memorial Community Gardens for the swimming pool facility equal to the annual capital and operating deficits as authorized by the Board and approved by the City.

As at December 31, 2014, $213,264 (2013 - $201,268) is receivable from the City of Toronto for rental fees owing to Board of Management of Leaside Memorial Community Gardens for the current year. This amount has been included in the statement of financial position as accounts receivable - City of Toronto.

10. LOANS PAYABLE

The Arena Board received approval from Toronto City Council through the 2012 capital budget for the construction of a second ice pad on adjacent lands acquired by the City of Toronto. The projected total cost of the project was $12.5 million, of this up to $7.5 million was to be provided through irrevocable debt repayable by the Arena Board over 30 years and Infrastructure Ontario was to provide up to $1.5 million through a subordinate non-recourse loan repayable by the Arena Board over 20 years. The irrevocable debt repayable was included in an agreement between the Arena and the City dated May 15, 2012. The City of Toronto was to provide $1.0 million from Reserve Funding. The Arena Board has met and paid its fundraising obligation to the City of Toronto of $2.5 million.

On December 31, 2013 the City received the loan from Infrastructure Ontario in the amount of $1,052,200 amortized and repayable by the Arena through the City over 20 years. The City has also provided an amount of $7,302,334 for this Project as a recoverable debt loan, amortized and repayable by the Arena to the City over 30 years. The quarterly repayment to the City commenced in January 31, 2014. A tangible assets was recorded in 2013 in an amount equal to the total loans payable. This amount will be amortized and deducted from operating surplus equal to principle paid when the loan payments are made.

Loans payable is comprised of the following:

	2014	2013
Recoverable debt loan from the City - 4.6% amortized and repayable over 30 years, payable in blended quarterly payments of $112,504.26	$ 7,186,241	$ 7,302,334
Loan from Infrastructure Ontario - 4.52% amortized and repayable over 20 years, payable in blended quarterly payments of $20,050.51	1,019,000	1,052,200
	$ 8,205,241	$ 8,354,534

During the year $379,276 (2013 - $95,867) of interest expense was recorded related to the loans payable with $94,156 (2013 - $95,867) included in the payable to the City.

Total loan repayments made in 2014 amounted to $149,293.

11. DEBT RESERVE

As part of the agreement between the Arena and the City, described in note 10, the Arena must charge a levy surcharge on the ice rental rates charged to all contracted users of the Arena during Prime Time of not less than $20. The surcharge is to be remitted to the City to establish a debt service reserve fund and is to be levied until the reserve fund has reached an amount equal to four regular payments on the loans payable. The Arena began charging this surcharge at a rate of $20 in October 2013. As at December 31, 2014 the debt reserve balance payable to the City was $71,610 (2013 - $35,585). The debt reserve payable to the City for 2014 has been included in the amount payable to the City of Toronto. The cumulative debt reserve payable and/or paid to the City as of December 31, 2014 totalled $107,195.

12. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

ARENA OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenue		
Arena ice rental	$ 1,228,170	$ 729,959
Dasher board rental	51,224	25,330
Debt reserve surcharge	71,610	35,585
	1,351,004	790,874
Expenses		
Wages	289,740	205,325
Equipment repairs and maintenance	22,707	3,750
Building repairs and maintenance	45,051	154,223
Ice resurfacer	25,000	14,199
Hydro	257,710	115,091
Gas	66,677	32,515
	706,885	525,103
Allocated expenses		
Office/management salaries	86,892	127,275
Employee benefits	70,796	73,151
Office supplies	6,260	5,628
Telephone/fax	2,753	3,619
Amortization	2,100	1,374
Bank service charges	430	178
Travel expenses	531	1,164
Garbage removal	2,010	67
General supplies	3,152	700
Security	2,333	3,091
Professional fees	3,286	5,156
Weekend paging	2,603	2,814
Insurance	8,295	8,295
Uniforms	506	2,959
Professional upgrade	2,553	402
	194,500	235,873
	901,385	760,976
Excess of expenses over revenue before the following	449,619	29,898
Debt reserve	(71,610)	(35,585)
Vehicle and equipment reserve contributions	(20,000)	(20,000)
Net surplus (deficit) - arena operations	$ 358,009	$ (25,687)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

POOL OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenue		
Pool	$ 213,264	$ 201,268
Expenses		
Wages	63,054	64,347
Building repairs and maintenance	17,311	20,027
Shop supplies	6,608	2,844
Hydro	27,939	24,217
Gas	20,319	1,821
	135,231	113,256
Allocated expenses		
Office/management salaries	32,422	47,491
Employee benefits	31,875	27,295
Office supplies	2,336	2,100
Telephone/fax	1,027	1,350
Amortization	783	513
Bank service charges	161	66
Travel expenses	198	435
Garbage removal	750	25
General supplies	1,176	261
Security	871	1,153
Professional fees	1,226	1,924
Weekend paging	971	1,050
Insurance	3,095	3,095
Uniforms	189	1,104
Professional upgrade	953	150
	78,033	88,012
	213,264	201,268
Net surplus - pool operations	$ -	$ -

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

BANQUET/MEETING ROOM OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenue		
Banquet/meeting room	$ 96,452	$ 7,198
Expenses		
Food and bar purchases	210	11
Other purchases	3,031	640
Wages - full time	15,700	1,100
Wages - part time	1,143	-
Building repairs and maintenance	2,460	11,841
Hydro	10,500	70
	33,044	13,662
Allocated expenses		
Office/management salaries	10,375	15,197
Employee benefits	4,128	8,734
Office supplies	747	672
Telephone/fax	329	432
Amortization	251	164
Bank service charges	51	21
Travel expenses	64	139
Garbage removal	240	8
General supplies	376	83
Security	279	369
Professional fees	392	616
Weekend paging	311	336
Insurance	990	990
Uniforms	61	353
Professional upgrade	305	48
	18,899	28,162
	51,943	41,824
Surplus (deficit) - Banquet/Meeting room operations	$ 44,509	$ (34,626)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

SNACK BAR AND VENDING OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenue		
Snack bar and vending	$ 82,280	$ 39,911
Expenses		
Snack bar and vending	31,529	21,855
Wages	23,028	21,691
	54,557	43,546
Surplus (deficit) - Snack bar and vending operations	$ 27,723	$ (3,635)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

SCHEDULE OF OTHER INCOME

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Other income		
Sign rental	$ -	$ 885
Mediacom sign revenue	9,278	9,431
Parking lot	500	5
Miscellaneous income	6,984	3,084
	$ 16,762	$ 13,405

May 1, 2015

Board of Management of Leaside Memorial Community Gardens
1073 Millwood Road
Toronto, Ontario
M4G 1X6

PRIVATE AND CONFIDENTIAL

Attention: Anna Donadio

Dear Madam:

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 your staff. We have discussed the matters in this report with management and received their comments thereon.

Welch LLP – Chartered Accountants
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OTHER DEFICIENCIES IN INTERNAL CONTROLS AND OTHER REPORTABLE MATTERS

Issue - Vacation balances owing

We observed that a key employee has an accumulated balance of unused vacation of over 4 weeks, which is significant to the Arena. We understand with limited personnel resources at the Arena, it is difficult to take vacation. Nevertheless, the absence of a key employee on paid leave could have impact on the operations and control environment of the Arena. We recommend that either the vacation be paid out in full or partially if that is the Arena's policy or a plan be established to reduce the vacation accumulated.

Management's Comments

Management intends to have all unused vacation balances used during the next fiscal year.

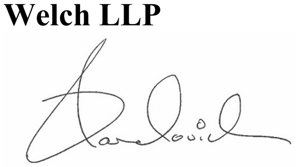
We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from management and their staff.

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



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