2016 year-end report to the Finance, Audit and Risk Management Committee

Prepared as of May 25, 2017
May 25, 2017

Members of the Finance, Audit and Risk Management Committee of the Board of Directors
St. Lawrence Centre for the Arts

Dear Members:

We have substantially completed our audit of the financial statements of St. Lawrence Centre for the Arts (the organization or the Centre) prepared in accordance with Public Sector Accounting standards including standards that apply only to government not-for-profit organizations (PSAS +4200) for the year ended December 31, 2016. We propose to issue an unqualified report on those financial statements, pending resolution of outstanding items outlined on page 1. Our auditor’s report is included as Appendix A.

We prepared the accompanying report to assist you in your review of the financial statements. It includes an update on the status of our work, as well as a discussion on the significant accounting and financial reporting matters dealt with during the audit process. We will review the key elements of this report at the upcoming meeting and discuss our findings with you.

We would like to express our sincere thanks to the management and staff of the organization who have assisted us in carrying out our work, and we look forward to our meeting on June 8, 2017. If you have any questions or concerns prior to the meeting, please do not hesitate to contact me in advance.

Yours very truly,

Michael Hawtin
Partner
Assurance

c.c.: Hayde Boccia, Chief Financial Officer
     Clyde Wagner, President and CEO Civic Theatres Toronto
Communications to the Finance, Audit and Risk Management Committee

<table>
<thead>
<tr>
<th>Key matters for discussion</th>
<th>Comments</th>
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</table>
| **Status of the audit**   | PricewaterhouseCoopers LLP (PwC or we) have substantially completed our audit of the financial statements (the financial statements).  
Significant outstanding items at time of mailing include the following:  
• Legal updates and subsequent events procedures;  
• Signed management representation letter; and  
• Review and approval of the financial statements by the Board of Directors. |
| **Service deliverables**   | We performed an audit of the organization’s financial statements as of December 31, 2016 and for the year then ended prepared in accordance with PSAS + 4200.  
Our engagement letter, which has been signed by the City of Toronto (the City), sets out the terms and conditions for the audit as the independent auditor of the Centre for the above-mentioned year. |
| **Audit timeline**        | We worked with management to develop this project timeline:  
– Interim visit: October 13-14, 2016  
– Year-end visit: March 27-31, 2017  
– Year-end Finance, Audit and Risk Management Committee meeting: June 8, 2017  
– Delivery of financial statements: upon resolution of above items and Board of Director’s approval |
| **Audit approach**        | Our audit approach is a mixture of tests of internal controls and substantive testing. In the current year, our work included testing of key controls in the following areas:  
• Purchases, payables and disbursements  
• Payroll  
All material areas were subject to tests of detail and substantive analytical testing. |
| **Materiality**           | Misstatements are considered to be material if they could reasonably be expected to influence the economic decisions of users of the financial statements.  
We set our materiality of $129,000 and are reporting unadjusted and adjusted items over $6,450 to the Finance, Audit and Risk Management Committee as a result of the audit. |
<table>
<thead>
<tr>
<th><strong>Key matters for discussion</strong></th>
<th><strong>Comments</strong></th>
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<tbody>
<tr>
<td>Significant accounting, auditing and reporting matters discussed with management</td>
<td>Management recognizes revenue based on separate criteria per revenue stream and ensures processes are in place to record revenue accurately and in the proper period. We selected a sample of revenue transactions for the year and agreed amounts recorded in the general ledger to supporting documentation, including dates of shows held during the year or other available evidence, to test for proper cut-off and accuracy of the amounts recorded. Amounts deferred on the statement of financial position were also tested using the same testing methodology. We noted no exceptions as a result of our testing.</td>
</tr>
<tr>
<td>Revenue recognition</td>
<td></td>
</tr>
<tr>
<td>Risk of management override of controls</td>
<td>Canadian auditing standards require that the risk of material misstatement due to management override of controls be considered a significant risk on every audit engagement. We have assessed significant and non-standard manual journal entries recorded in the year and selected a sample of items for testing to test that the entries represent valid and appropriately authorized transactions. No exceptions were noted from our testing. We also incorporated unpredictable procedures into our audit and noted no exceptions.</td>
</tr>
<tr>
<td>Related party transactions-City of Toronto</td>
<td>As a significant amount of activity occurs between the Centre and the City, we requested a confirmation from the City of all amounts received during the year and balances outstanding at the year-end. We received an independent confirmation from the City of Toronto confirming the transactions and balances between City of Toronto and the Centre at year-end and were able to fully reconcile the amounts per confirmation to the financial statements. We have reviewed the financial statements note disclosure with respect to the relationship, transactions and balances with the City and have no matters to report.</td>
</tr>
<tr>
<td>Budgeted figures</td>
<td>Currently, under PSAS for government not-for-profit organizations, presentation of the budgeted figures is not a requirement. This budgeted information has been presented and audited to comply with the City audit team’s reporting requirements. We agreed the budgeted figures per the statement of operations to the City of Toronto’s approved budget for the Centre. No issues were noted.</td>
</tr>
</tbody>
</table>
### Key matters for discussion

<table>
<thead>
<tr>
<th>Other required communications</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary of unadjusted and adjusted items</strong></td>
<td>As a result of our audit, we did not identify any adjusted or unadjusted misstatements.</td>
</tr>
<tr>
<td><strong>Internal control recommendations</strong></td>
<td>During the audit, we did not note any significant deficiencies. Our internal control recommendations are summarized in Appendix B.</td>
</tr>
</tbody>
</table>
| **Fraud and illegal acts** | We discuss fraud risk annually with management and the Finance, Audit and Risk Management Committee. Through our planning process (and prior years’ audits), we developed an understanding of your oversight processes and have designed our audit procedures to address these risks. 
No fraud involving senior management, or employees with a significant role in internal control or that would cause a material misstatement of the financial statements and no illegal acts came to our attention as a result of our audit procedures. 
We wish to reconfirm that the Finance, Audit and Risk Management Committee is not aware of any known, suspected or alleged incidents of fraud or illegal acts not previously discussed with us. |
| **Management’s representations** | Under Canadian GAAS, we are required to inform you of the representations we are requesting from management. A copy of the management representation letter has been circulated separately to Finance, Audit and Risk Management Committee. |
| **Subsequent events** | No subsequent events which would impact the financial statements other than those disclosed have come to our attention. 
We would like to reconfirm that the Finance, Audit and Risk Management Committee is not aware of any other subsequent events that might affect the financial statements. |

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. Comments and conclusions should only be taken in context of the financial statements as a whole, as we do not mean to express an opinion on any individual item or accounting estimate. This report has been prepared solely for your use. It was not prepared for, and is not intended for, any other purpose. No other person or entity shall place any reliance upon the accuracy or completeness of statements made herein. PwC does not assume responsibility to any third party, and, in no event, shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person or entity other than you.
Appendix A: Auditor’s report
Independent Auditor's Report

To the Board of Directors of
St. Lawrence Centre for the Arts

We have audited the accompanying financial statements of St. Lawrence Centre for the Arts, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in net assets (liabilities) and cash flows for the year then ended, and the related notes, which comprise 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 St. Lawrence Centre for the Arts as at December 31, 2016 and the results of its operations, change in its net financial assets (liabilities) and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
## Appendix B: Internal control recommendations

<table>
<thead>
<tr>
<th>Internal control observation</th>
<th>Recommendation</th>
<th>Management’s response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Review of journal entries:</strong>&lt;br&gt;During the audit, we noted certain instances where manual entries were prepared and posted by the same individuals. A secondary review or approval was not obtained from another staff member or supervisor before posting to the general ledger.&lt;br&gt;&lt;br&gt;Absence of a review of manual entries prior to posting increases the possibility of error and/or fraud and can lead to inaccurate financial records.</td>
<td>We recommend that all entries pass through a proper preparation and review process where accounting staff prepare entries and the CFO or Senior Accountant review entries before they are posted to the general ledger.</td>
<td>The organization has a process in place requiring the review of journal entries prior to posting. Management will continue to reinforce procedures and reviews on a going forward basis given the extent of resources available to them.</td>
</tr>
</tbody>
</table>
June 8, 2017

PricewaterhouseCoopers LLP
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario
M5J 0B2

Attn: Michael Hawtin

We are providing this letter in connection with your audit of the financial statements of St. Lawrence Centre for the Arts (the Centre) (we, us, our) as at December 31, 2016 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, the results of operations, the remeasurement gains and losses and the cash flows of the Centre in accordance with Canadian public sector accounting standards.

We confirm that for the years ended December 31, 2016 and December 31, 2015 there were no items impacting the statement of remeasurement gains and losses and therefore such statement was not prepared and/or included as part of the financial statements of the Centre.

Management’s responsibilities
We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 14, 2016. In particular, we confirm to you that:

- We are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards;
- We are responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations subject to the fact that each part of each such representation is being confirmed to the best of our knowledge:

Preparation of financial statements
The financial statements include all disclosures necessary for fair presentation in accordance with Canadian public sector accounting standards and disclosures otherwise required to be included therein by the laws and regulations to which the Centre is subject.
We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. sub ledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to a profit and loss account and vice versa. All intergovernmental unit accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

**Accounting policies**
We confirm that we have reviewed our accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in our particular circumstances to present fairly in all material respects its financial position, the results of operations, and cash flows in accordance with Canadian public sector accounting standards. We are eligible to and have selected to apply the standards for government not-for-profit organizations in CPA Canada Public Sector Accounting Handbook sections PS 4200 to PS 4270.

**Internal controls over financial reporting**
We have designed disclosure controls and procedures to ensure material information relating to the Centre is made known to us by others.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with Canadian public sector accounting standards.

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware.

**Completeness of transactions**
All contractual arrangements entered into by the Centre with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

**Fraud**
We have disclosed to you:
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All information in relation to fraud or suspected fraud of which we are aware affecting the Centre involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- All information in relation to any allegations of fraud, or suspected fraud, affecting the Centre’s financial statements, communicated by employees, former employees, analysts, regulators or others.
Disclosure of information
We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
  - Contracts and related data;
  - Information regarding significant transactions and arrangements that are outside the normal course of business;
  - Minutes of the meetings of shareholders, management, directors and committees of directors;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

We have no knowledge of any allegations of fraud or suspected fraud affecting the Centre received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Compliance with laws and regulations
We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We are not aware of any illegal or possibly illegal acts committed by the Centre’s directors, officers or employees acting on the Centre’s behalf.

Accounting estimates and fair value measurements
Significant assumptions used by the Centre in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with the Centre’s planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with The CPA Canada Public Sector Accounting Handbook Sections PS 2130, Measurement Uncertainty, have been appropriately disclosed.

Related parties
We confirm that we have disclosed to you the identity of the Centre’s related parties as defined by CPA Canada Public Sector Accounting Handbook Section PS 4260, Disclosure of Related Party Transactions by Not-for-Profit Organizations, and all the related party relationships and transactions.
The identity of, relationship, balances and transactions with related parties have been properly recorded and adequately disclosed in the financial statements.

The list of related parties attached to this letter as Appendix A accurately and completely describes the Centre’s related parties and the relationships with such parties.

**Going concern**
We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

**Assets and liabilities**
We have satisfactory title or control over all assets. All liens or encumbrances on the Centre’s assets and assets pledged as collateral, to the extent material, have been disclosed in notes to the financial statements.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which the Centre is contingently liable in accordance with the CPA Canada Public Sector Accounting Handbook Section PS 3300, Contingent Liabilities, have been disclosed to you and are appropriately reflected in the financial statements.

**Litigation and claims**
All known actual or possible litigation and claims, which existed at the statement of financial position date or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian public sector accounting standards, whether or not they have been discussed with legal counsel.

**Misstatements detected during the audit**
Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

There are no unadjusted adjusted misstatements identified during your audit.

**Events after balance sheet date**
We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

**Cash and banks**
The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the Centre.

All cash balances are under the control of the Centre, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the Centre.
Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of the Centre are included in the financial statements as at December 31, 2016.

**Accounts receivable**

All amounts receivable by the Centre were recorded in the books and records.

Receivables classified as current do not include any material amounts that are collectible after one year.

Receivables recorded in the financial statements, represent bona fide claims against debtors for sales or other charges arising on or before the statement of financial position date and are not subject to discount except for normal cash discounts.

All receivables were free from hypothecation or assignment as security for advances to the Centre, except as hereunder stated.

**Credit risk**

The following information about each class of financial asset, both recognized and unrecognized, has been properly disclosed in the financial statements:

- Amount of the maximum credit risk exposure without regard to collateral; and
- Significant concentrations of credit.

**Capital assets**

All charges to capital asset accounts represented the actual cost of additions or the fair value at the date of contribution.

All contributed capital assets have been recorded at fair value at the date of the contribution.

No significant capital asset additions were charged to repairs and maintained or other expense accounts.

Carrying values of tangible capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Capital assets owned by the Centre are being depreciated on a systematic basis over their estimated useful lives and the provision for depreciation was calculated on a basis consistent with that of the previous date.

All lease agreements covering property leased by or from the Centre have been disclosed to you and classified in accordance with CPA Canada Public Sector Accounting Handbook Guideline PSG-02, Leased Tangible Capital Assets.

Assets held under capital leases are being amortized on a systematic basis over the period of expected use.

There have been no events or changes in circumstances that indicate that any tangible capital assets no longer have any long-term service potential to the Centre. Accordingly management was not required to write down any tangible capital assets to their residual values, if any, during the period.
HST – Input Tax Credits
The Centre is subject to HST and has appropriately computed the input tax credits (ITC) receivable on the payment on HST on purchases throughout the year. The methodology used to compute tax credits and the related receivable in the financial statements is complete and accurate.

Financial Instruments
The Centre has decided to apply PS 3450 for financial instruments. All financial instruments have been appropriately recognized under PS 3450 and all disclosures made are appropriate.

Deferred revenue and advance ticket sales
All material amounts of deferred revenue were appropriately recorded in the books and records.

Statements of operations and statement of changes in net assets (liabilities) and remeasurement gains and losses
All transactions entered into by the Centre have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations and statement of changes in net assets (liabilities) and remeasurement gains and losses.

The accounting principles and policies followed throughout the period were consistent with prior period practices (except as disclosed in the financial statements).

Yours truly,

St. Lawrence Centre for the Performing Arts

•
  Jim Rose, General Manager

•
  Hayde Boccia, Chief Financial Officer
Appendix A – List of related parties

**Board Members**:  
- Robert J. Foster, Chair  
- Councillor Mary Fragedakis  
- Councillor Gary Crawford  
- Meaghan Davis  
- Councillor John Filion  
- Councillor Paula Fletcher  
- Kevin Garland  
- Sandra Laronde  
- Ira Levine  
- Steven Levitan  
- Councillor Pam McConnell  
- Warren Rudick  
- Kathleen Sharpe  
- Charles Smith  
- Seth Zuk  
- Victor D'Souza

**Senior Management**:  
- Jim Roe, General Manager  
- Hayde Boccia, Chief Financial Officer  
- David Pearsons - Director of Guest and Client Services  
- Carol Henderson - Director Sales & Marketing  
- Sean Tasson - Director of Production and Communications

*Although not explicitly listed, immediate family members are considered included as related parties by this reference.

**CITY OF TORONTO**

**Entities associated with City of Toronto as follows:**

**Agencies and Corporations:**  
- Board of Governors of Exhibition Place  
- Toronto Board of Health  
- Board of Management of the Toronto Zoo  
- Toronto Community Housing Corporation (“TCHC”)  
- Build Toronto Inc.  
- Toronto Licensing Commission  
- Casa Loma Corporation  
- Toronto Pan Am Sports Centre Inc. (“TPASC”)  
- Heritage Toronto (50% proportionately)  
- Invest Toronto Inc.  
- Toronto Police Services Board  
- Lakeshore Arena Corporation  
- Toronto Public Library Board  
- St. Lawrence Centre for the Arts  
- Toronto Transit Commission (“TTC”)  
- The North York Performing Arts Centre  
- Toronto Waterfront Revitalization Corporation Corporation (“TWRC”) (1/3rd proportionately)  
- The Sony Centre for the Performing Arts  
- Yonge–Dundas Square  
- Toronto Atmospheric Fund (“TAF”)
Arenas:
- Forest Hill Memorial
- Moss Park
- George Bell
- North Toronto Memorial

Community Centres:
- 519 Church Street
- Eastview Neighbourhood
- Applegrove
- Harbourfront
- Cecil Street

Business Improvement Areas:
- Albion Islington Square
- Baby Point Gates
- Bloor Annex
- Bloor By The Park
- Bloor Street
- Bloor West Village
- Bloor Yorkville
- Bloorcourt Village
- Bloordale Village
- Cabbagetown
- Chinatown
- Church Wellesley Village
- College Promenade
- College West
- Corso Italia
- Crossroads of the Danforth
- Danforth Mosaic
- Danforth Village
- Dovercourt Village
- Downtown Yonge
- Dufferin Wingold
- Duke Heights
- Dundas West
- Dupont by the Castle
- Eglinton Hill
- Emery Village
- Fairbank Village
- Financial District
- Forest Hill Village
- Gerrard India Bazaar

Neighbourhood
- The Beach
- The Danforth

- Leaside Memorial Community Gardens
- Ted Reeve Community
- McCormick Playground
- William H. Bolton
- Ralph Thornton
- Central Eglinton
- Scadding Court
- Community Centre 55
- Swansea Town Hall
- Greektown on the Danforth
- Harbord Street
- Hillcrest Village
- Historic Queen East
- Junction Gardens
- Kennedy Road
- Kensington Market
- Korea Town
- Lakeshore Village
- Leslieville
- Liberty Village
- Little Italy
- Little Portugal
- Long Branch
- Mimico by the Lake
- Mimico Village
- Mirvish Village
- Mount Dennis
- Mount Pleasant
- Oakwood Village
- Ossington Avenue
- Pape Village
- Parkdale Village
- Queen Street West
- Regal Heights Village
- Riverside District
- Roncesvalles Village
- Rosedale Main Street
- Sheppard East Village
- shoptheQueensway.com
- St. Clair Gardens
- St. Lawrence Market
- The Eglinton Way
- The Kingsway
- The Waterfront
• Toronto Entertainment

**District**
• Trinity Bellwoods
• Upper Village
• Uptown Yonge
• Village of Islington
• West Queen West

• Weston Village
• Wexford Heights
• Wilson Village
• Wychwood Heights
• Yonge Lawrence Village
• York Eglinton
St. Lawrence Centre for the Arts

Financial Statements
December 31, 2016
June 8, 2017

Independent Auditor’s Report

To the Board of Directors of
St. Lawrence Centre for the Arts

We have audited the accompanying financial statements of St. Lawrence Centre for the Arts, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net liabilities and cash flows for the year then ended, and the related notes, which comprise 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 St. Lawrence Centre for the Arts as at December 31, 2016 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants
## Statement of Financial Position

**As at December 31, 2016**

**For Discussion with Management Only – Subject to Amendment**

**Draft**

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<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>685,851</td>
<td>767,660</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>-</td>
<td>60,134</td>
</tr>
<tr>
<td>Accounts receivable (note 10)</td>
<td>117,748</td>
<td>80,841</td>
</tr>
<tr>
<td>Due from City of Toronto - net operating deficiency (note 5(b))</td>
<td>105,242</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>20,048</td>
<td>15,106</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>25,703</td>
<td>29,341</td>
</tr>
<tr>
<td><strong>Total Current assets</strong></td>
<td>954,592</td>
<td>953,082</td>
</tr>
<tr>
<td><strong>Capital assets</strong> (note 3)</td>
<td>2,475,040</td>
<td>2,542,578</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>3,429,632</td>
<td>3,495,660</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>249,816</td>
<td>275,043</td>
</tr>
<tr>
<td>Due to City of Toronto - trade payables (note 5(a))</td>
<td>636,378</td>
<td>398,330</td>
</tr>
<tr>
<td>Due to City of Toronto - net operating excess (note 5(b))</td>
<td>-</td>
<td>150,298</td>
</tr>
<tr>
<td>Advance ticket sales</td>
<td>173,633</td>
<td>167,806</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>9,966</td>
<td>12,522</td>
</tr>
<tr>
<td><strong>Total Current liabilities</strong></td>
<td>1,069,793</td>
<td>1,003,999</td>
</tr>
<tr>
<td><strong>Deferred capital contributions</strong> (note 4)</td>
<td>2,464,219</td>
<td>2,578,745</td>
</tr>
<tr>
<td><strong>Net Liabilities</strong></td>
<td>3,534,012</td>
<td>3,582,744</td>
</tr>
<tr>
<td>Internally restricted for capital purchases (note 6)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td>(104,380)</td>
<td>(87,084)</td>
</tr>
<tr>
<td><strong>Total Net Liabilities</strong></td>
<td>3,429,632</td>
<td>3,495,660</td>
</tr>
<tr>
<td><strong>Commitments and contingencies</strong> (note 9)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**On Behalf of the Board**

________________________________________________________________________

Director  _________________________  Director  _________________________

The accompanying notes are an integral part of these financial statements.

FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT

NOT TO BE FURTHER COMMUNICATED
## St. Lawrence Centre for the Arts

**Statement of Operations**

**For the year ended December 31, 2016**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding from City of Toronto</td>
<td>1,724,361</td>
<td>1,724,422</td>
</tr>
<tr>
<td>Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour services</td>
<td>1,026,879</td>
<td>1,352,166</td>
</tr>
<tr>
<td>Rental</td>
<td>391,876</td>
<td>434,891</td>
</tr>
<tr>
<td>Ancillary</td>
<td>269,531</td>
<td>342,298</td>
</tr>
<tr>
<td>Amortization of deferred capital contributions (note 4)</td>
<td>237,996</td>
<td>244,853</td>
</tr>
<tr>
<td>Other</td>
<td>45,761</td>
<td>108,666</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>3,696,404</td>
<td>4,207,296</td>
</tr>
</tbody>
</table>

| **Expenses**         |            |            |
| Salaries, wages and benefits (note 7) | 2,374,917  | 2,739,605  | 2,570,961  |
| Building operations  | 723,249    | 876,178    | 836,535    |
| Amortization of capital assets | 237,996    | 262,149    | 255,135    |
| Administration       | 229,686    | 288,000    | 266,455    |
| Ancillary            | 79,754     | 87,144     | 79,241     |
| Presentation and production | 50,802     | 76,758     | 54,719     |
| **Total Expenses**   | 3,696,404  | 4,329,834  | 4,063,046  |

**Deficiency) excess of revenue over expenses before the following**

- (122,538)  133,002

**Transfer from (to) City of Toronto (note 5(b))**

- 105,242  (150,298)

**Deficiency of revenue over expenses for the year**

- (17,296)  (17,296)

The accompanying notes are an integral part of these financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT NOT TO BE FURTHER COMMUNICATED**

ST LAWRENCE CENTRE FOR THE ARTS (2016) v.5.29.17

(1).docx May 31, 2017 4:10 PM Version 5
St. Lawrence Centre for the Arts

Statement of Changes in Net Liabilities
For the year ended December 31, 2016

The accompanying notes are an integral part of these financial statements.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Internally restricted for capital purchases</td>
<td>Unrestricted</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>$ (note 6)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Net liabilities - Beginning of year</td>
<td>-</td>
<td>(87,084)</td>
<td>(87,084)</td>
</tr>
<tr>
<td>Deficiency of revenue over expenses for the year</td>
<td>-</td>
<td>(17,296)</td>
<td>(17,296)</td>
</tr>
<tr>
<td>Net liabilities - End of year</td>
<td>-</td>
<td>(104,380)</td>
<td>(104,380)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Internally restricted for capital purchases</td>
<td>Unrestricted</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>$ (note 6)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Net liabilities - Beginning of year</td>
<td>-</td>
<td>(69,788)</td>
<td>(69,788)</td>
</tr>
<tr>
<td>Deficiency of revenue over expenses for the year</td>
<td>-</td>
<td>(17,296)</td>
<td>(17,296)</td>
</tr>
<tr>
<td>Net liabilities - End of year</td>
<td>-</td>
<td>(87,084)</td>
<td>(87,084)</td>
</tr>
</tbody>
</table>
St. Lawrence Centre for the Arts
Statement of Cash Flows
For the year ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficiency of revenue over expenses for the year</td>
<td>(17,296)</td>
<td>(17,296)</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>262,149</td>
<td>255,135</td>
</tr>
<tr>
<td>Amortization of deferred capital contributions</td>
<td>(244,853)</td>
<td>(237,839)</td>
</tr>
<tr>
<td>Net change in non-cash working capital balances (note 8)</td>
<td>(77,659)</td>
<td>128,376</td>
</tr>
<tr>
<td></td>
<td>(77,659)</td>
<td>128,376</td>
</tr>
<tr>
<td>Capital activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>(194,611)</td>
<td>(62,443)</td>
</tr>
<tr>
<td>Investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of short-term investments</td>
<td>-</td>
<td>(60,134)</td>
</tr>
<tr>
<td>Redemption of short-term investments</td>
<td>60,134</td>
<td>60,216</td>
</tr>
<tr>
<td></td>
<td>60,134</td>
<td>82</td>
</tr>
<tr>
<td>Financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions received restricted for the purchase of capital assets</td>
<td>130,327</td>
<td>150,567</td>
</tr>
<tr>
<td>Repayment of obligations under capital lease</td>
<td>-</td>
<td>(4,663)</td>
</tr>
<tr>
<td></td>
<td>130,327</td>
<td>145,904</td>
</tr>
<tr>
<td>Increase (decrease) in cash during the year</td>
<td>(81,809)</td>
<td>211,919</td>
</tr>
<tr>
<td>Cash - Beginning of year</td>
<td>767,660</td>
<td>555,741</td>
</tr>
<tr>
<td>Cash - End of year</td>
<td>685,851</td>
<td>767,660</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.

FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED
1 Operations and relationship with the City of Toronto

St. Lawrence Centre for the Arts (the Centre) is an agency of the City of Toronto (the City) and was incorporated on May 27, 1968 without share capital. The Centre is a not-for-profit organization incorporated to maintain and operate as an artistic, cultural, social, educational and recreational facility for the benefit of the City and its inhabitants and the public interest.

The Centre consists of two theatres, which are used by a number of resident companies and casual renters for a wide variety of theatrical, musical, dance and corporate events from both the not-for-profit and private sectors.

The major capital facilities of the Centre are owned by the City and therefore are not recorded in these financial statements. Expenditures for major improvements to the Centre are accounted for by the Centre as building improvements (note 3) and are financed primarily through the Centre’s Capital Improvement Reserve Fund (CIF), which was established to record ticket surcharges introduced in 1987 (note 4).

The Centre is a not-for-profit organization and as such is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

2 Summary of significant accounting policies

The financial statements of the Centre have been prepared by management in accordance with Canadian public sector accounting standards (PSAS), including accounting standards that only apply to government not-for-profit organizations. The significant accounting policies are summarized below:

Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions, including funding from the City, 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. Externally restricted contributions for amortizable capital assets that have not been expended are recorded as deferred capital contributions on the statement of financial position and amortized over the life of the related capital assets.

Revenue from rentals and labour services is recognized on the date of the performance or event.

Revenue from provision of ancillary services is generally recognized at the point of sale.

Other revenue is recognized when earned, which may be on the date of the performance or point of sale.
Advance ticket sales

Advance ticket sales represent funds received from tickets sold prior to December 31 for performances presented by rental clients in the following year. Once the performance has occurred, the advance ticket sales net of certain box office charges are payable to the rental clients and are included in trade accounts payable.

Cash

Cash represents cash on hand and at the bank.

Short-term investments and investment income

Short-term investments consist of a guaranteed investment certificate (GIC). The GIC has an interest rate of 0.5% and a maturity date of July 25, 2016. Transactions are recorded on a trade date basis and are measured at amortized cost. Transaction costs are included in the carrying amount of the asset.

Investment income includes interest and realized and unrealized gains and losses on investments. The GIC was redeemed on the maturity date of July 25, 2016.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Capital assets

Capital assets are recorded at cost less accumulated amortization and impairment losses, if any. Contributed capital assets are recorded at fair value at the date of contribution and subsequently recorded similar to purchased capital assets. Amortization is provided on a straight-line basis over the assets’ estimated useful lives as follows:

- Computer equipment: 3 years
- Computer equipment under capital lease: over lease term
- Furniture and fixtures: 5 to 10 years
- Building improvements: 10 to 25 years

Assets leased on terms that transfer substantially all of the benefits and risks of ownership to the Centre are accounted for as capital leases, as though the asset had been purchased and a liability incurred. All other leases are accounted for as operating leases.

A writedown of capital assets is recorded when the asset no longer has any long-term service potential. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. A writedown is subsequently not reversed. No writedown has been recorded in the current year.

Employee future benefits

Defined contribution plan accounting is applied to a multi-employee defined contribution pension plan. Contributions are expensed when due.
Contributed materials and services

Contributed materials are recognized as received only when the fair value of the material can be determined and the goods and services would otherwise have been purchased. The Centre currently does not have contributed services.

Financial instruments

The Centre’s financial instruments included in the statement of financial position comprise cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and amounts due from/to the City of Toronto. The financial instruments are initially measured at fair value and subsequently measured at amortized cost. For these financial instruments, except the amount due to/from the City of Toronto the carrying value approximates their fair values due to their short-term maturities.

All financial instruments are assessed annually for impairment. When a financial asset is impaired, impairment losses are recorded in the statement of operations. A writedown is not subsequently reversed for a subsequent increase in value.

There were no revaluation gains or losses recorded during 2016 and 2015 and therefore a statement of revaluation gains and losses has not been presented.

Use of estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 Capital assets

Capital assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost $</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>759,553</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>2,561,845</td>
</tr>
<tr>
<td>Building improvements</td>
<td></td>
</tr>
<tr>
<td>Exterior</td>
<td>892,635</td>
</tr>
<tr>
<td>Interior</td>
<td>3,125,593</td>
</tr>
<tr>
<td></td>
<td>7,339,626</td>
</tr>
</tbody>
</table>
Computer equipment includes assets with a cost of $72,590 (2015 - $72,590) held under capital leases. Accumulated amortization relating to these assets amounted to $72,590 (2015 - $72,590).

4 Deferred capital contributions

Deferred capital contributions represent unamortized amounts of capital contributions. The Centre follows the deferral method of accounting for restricted contributions received. These contributions comprise a donation from the City and amounts included in the cost of each ticket sold that are restricted for the purchase of capital assets. The most significant source of this balance is the donation from the City. The changes in deferred capital contributions during the year are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance - Beginning of year</td>
<td>2,578,745</td>
<td>2,666,017</td>
</tr>
<tr>
<td>Amortization of deferred capital contributions</td>
<td>(244,853)</td>
<td>(237,839)</td>
</tr>
<tr>
<td>Contributions received restricted for the purchase of capital assets</td>
<td>130,327</td>
<td>150,567</td>
</tr>
<tr>
<td>Balance - End of year</td>
<td>2,464,219</td>
<td>2,578,745</td>
</tr>
</tbody>
</table>

5 Related party transactions - City of Toronto

a) In the normal course of operations, the Centre incurred costs of $346,653 (2015 - $351,283), which are included in the statement of operations, for various expenses payable to the City such as maintenance and other administrative costs.

Transactions between the City and the Centre are made at agreed on exchange amounts. The fair value of this payable cannot be reasonably determined as there are no fixed terms of repayment.

b) 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 the operating excess (deficiency) of revenue over expenses to (from) the City is based on the excess (deficiency) after adjustments for non-cash items and other amounts agreed on with the City.
The transfer of operating excess (deficiency) of revenue is calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (deficiency) of revenue over</td>
<td>$122,538</td>
<td>$133,002</td>
</tr>
<tr>
<td>expenses before transfer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add (deduct) non-cash items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>$262,149</td>
<td>$255,135</td>
</tr>
<tr>
<td>Amortization of deferred capital</td>
<td>($244,853)</td>
<td>($237,839)</td>
</tr>
<tr>
<td>contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to (from) City of Toronto</td>
<td>($105,242)</td>
<td>$150,298</td>
</tr>
</tbody>
</table>

6 Net assets internally restricted for capital purchases

Net assets internally restricted for capital purchases represent amounts set aside by the Centre to fund future capital asset purchases and to cover the net amortization of deferred capital contributions and the related capital assets.

The Centre is among eight organizations that receive distributions from the Estate of Vida Peene. During 2016, the Centre received distributions of $7,722 (2015 - $3,732). The distributions from the estate are to be used at the discretion of the Board of Management of the Centre. In 2016, the distributions received were used toward operations of the Centre.

In the current year, there were no transfers between the unrestricted fund and net assets internally restricted for capital purchases (2015 - no transfers).

7 Employee benefits

The Centre's administrative employees participate in a defined contribution pension plan. This plan is separate from the International Alliance of Theatrical Stage Employees (IATSE) pension plan and is administered by Manulife Canada. The Centre’s contributions to the Manulife Canada pension plan were $46,713 (2015 - $42,170), which is expensed and included within salaries, wages and benefits on the statement of operations.

As per the IATSE Collective Bargaining Agreement, the Centre also makes contributions to a defined contribution pension plan administered by the stage employees. Contributions to the IATSE pension plan were $70,047 (2015 - $69,823). In addition, the Centre contributes fixed amounts into a plan established by the union representing the stage employees for health, dental, sick leave and other fund benefits. Contributions for these benefits amounted to $90,863 (2015 - $85,961). A portion of these pension and benefit contributions is recovered through clients renting the facilities at the Centre as these are direct costs of those clients and not the Centre. These recoverable expenses are recorded on a gross basis in labour services revenue and salaries, wages and benefits expenses on the statement of operations. During the year, there were a number of days when the theatres were not rented. As per the collective bargaining agreement, IATSE employees continued to be paid during those non-rented days. Therefore, these amounts recorded in expenses are not recovered in the current year.
8 Statement of cash flows

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

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>(36,907)</td>
<td>(30,305)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(4,942)</td>
<td>(1,759)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>3,638</td>
<td>(3,452)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(25,227)</td>
<td>72,582</td>
</tr>
<tr>
<td>Due to City of Toronto</td>
<td>(17,492)</td>
<td>117,538</td>
</tr>
<tr>
<td>Advance ticket sales</td>
<td>5,827</td>
<td>(33,750)</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>(2,556)</td>
<td>7,522</td>
</tr>
<tr>
<td></td>
<td>(77,659)</td>
<td>128,376</td>
</tr>
</tbody>
</table>

9 Commitments and contingencies

- Lease commitments

Future minimum annual lease payments for equipment under operating leases are approximately as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6,500</td>
</tr>
</tbody>
</table>

- Contingencies

From time to time, the Centre is named in lawsuits relating to its activities. These claims are at various stages and therefore it is not possible to determine the merits of these claims or to estimate the possible financial liability, if any, to the Centre. Accordingly, no material provisions have been made for losses in these financial statements, but in management’s view these claims should not have a material adverse effect on the financial position of the Centre.

10 Financial risk management

The main risks to which the Centre's financial instruments are exposed are as follows:

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Accounts receivable are exposed to credit risk since there is a risk of counterparty default. The Centre provides an allowance for doubtful accounts to absorb potential credit losses. As at December 31, 2016, three accounts represent 76% of the total accounts receivable balance (2015 - three accounts represented 81%). These accounts are regular licensees of the Centre.
The Centre believes it has moderate exposure to credit risk.

**Liquidity risk**

Liquidity risk is the inability of an entity to meet its current obligations from the proceeds of current assets.

The Centre believes it has moderate exposure to liquidity risk given the value of accounts payable and accrued liabilities, due to the City, advance ticket sales and customer deposits.

11 **Trust fund**

**Victor C. Polley Scholarship Fund**

In 1981, the Centre was appointed as trustee for the Victor C. Polley Scholarship Fund (the Fund), which was created for the purpose of awarding a scholarship annually to a deserving student of arts management or arts administration. The Fund, which has a balance of $7,436 (2015 - $7,413), has not been included in the Centre’s statement of financial position nor have its operations been included in the Centre’s statement of operations.

12 **Subsequent events**

In 2015, the City of Toronto mandated a merger of the three City owned theatres (Sony Centre for the Performing Arts, St. Lawrence Centre for the Arts and Toronto Centre for the Arts; collectively Civic Theatres Toronto (CTT)). In 2017, CTT hired a President & CEO to initiate the merger of the three theatres. In connection with the integration of theatres, CTT is expected to incur costs between $1.2 million and $1.5 million related to terminations.