Re: AU6.9c

The Board of Directors of the Hummingbird Centre for Performing Arts Audit results

(Operating as Civic Theatres Toronto)

2018 year-end report to the Audit Committee

Prepared as of May 24, 2019

pwc

May 24, 2019

Members of the Audit Committee of the Board of Directors
The Board of Directors of the Hummingbird Centre for the Performing Arts (Operating as Civic Theatres Toronto)

Dear Members of the Committee:

We are in the process of completing our audit of the financial statements of The Board of Directors of the Hummingbird Centre for the Performing Arts (Operating as the Civic Theatres Toronto) (the organization or CTT) prepared in accordance with Public sector accounting standards including standards that apply only to government for not-for-profit organizations (PSAS + 4200) for the year ended December 31, 2018. We propose to issue our auditor's report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft 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 audit, accounting and financial reporting matters dealt with during the audit process. We remain committed to ongoing dialogue with you, enabling us to deliver the highest level of service and audit quality, as well as provide an independent point of view.

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 10, 2019. If you have any questions or concerns prior to the Audit Committee meeting, please do not hesitate to contact me in advance.

Yours very truly,

(Signed) "PricewaterhouseCoopers LLP"

Michael Hawtin
Partner
Assurance

c.c.: Mr. William Milne, Vice President of Finance & Admin
Mr. Clyde Wagner, President and CEO

PricewaterhouseCoopers LLP
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Communications to the Audit Committee

Key matters for discussion	*Comments*
Status of the audit	We are in the process of completing our audit of the 2018 financial statements. We have included our draft auditor's report, which reflects the enhanced auditor reporting standards effective for years ending on or after December 15, 2018, in Appendix A. Significant outstanding items at time of mailing include the following: • Resolution of outstanding accounts payable balance with the City of Toronto; • Receipt of signed management representation letter; • Legal updates; • Subsequent events procedures; and • Review and approval of the financial statements by the Board of Directors.
Service Deliverables	We performed the audit of the organization's financial statements as of December 31, 2018 and for the year ended prepared in accordance with PSAS + 4200. Our engagement letter, which has been signed by the City of Toronto (the City) in a prior year, 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 field visits: October 15 - 19, 2018 and December 10 – 14, 2018 • Year-end field visit: April 1 - April 19, 2019 • Year-end Audit Committee meeting: June 10, 2019 • Delivery of financial statements: upon resolution of above items and Board of Directors 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; and • Revenues.
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 $964,500 and reported unadjusted items over $96,450 to the Audit Committee as a result of the audit.

Key matters for discussion	*Comments*
Significant audit, accounting, and financial reporting matters discussed with management	
Matter 1 – Risk of Fraud with respect to revenue recognition	Canadian auditing standards contain a "rebuttable presumption" that the risk of fraud with respect to revenue recognition be considered a significant risk on every audit engagement. Management recognizes revenue based on separate criteria per revenue stream as outlined in note 2 to the financial statements ensuring 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 Ticketmaster statements, dates of shows held during the year, point of sale support, confirmations to related parties or other available evidence, to test for proper occurrence, completeness, cut-off and accuracy of the amounts recorded. Amounts deferred on the statement of financial position were also tested on a sample basis. We noted no exceptions as a result of our testing.
Matter 2 - Risk of Management override of controls	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 entries to test (following a risk based approach) that the entries represent valid and appropriately authorized transactions. No exceptions were noted from our testing.
Other key matters for discussion	***Comments***
Related party transactions – City of Toronto	As a significant amount of activity occurs between CTT and the City, we requested a confirmation from the City of all amounts received during the year and balances outstanding at the year-end. This includes funding received, trade receivable or payable balances, the Facility Fee Reserve fund balance and the Stabilization Reserve fund balances. We received an independent confirmation from the City of Toronto confirming the transactions and balances between City of Toronto and CTT at year-end. Included in the confirmation we received from the City of Toronto at year-end was an amount of $3.7 million owing to the City from CTT. Historically, this amount has been reflected as a liability on the financial statements of the Toronto Centre for the Arts. In our discussions with management and with the City we understand that this amount relates to transactions occurring between the City and the Toronto Centre for the Arts during the 2000-2006 period. We understand that the City of Toronto provided transactional activity from their general ledger to CTT management to support the amount owing; however, both the City of Toronto and CTT are unable to provide/locate source documents supporting the transactions.

Key matters for discussion	*Comments*
	We understand that the City and CTT are in discussions over the amount owing and, at the time of this report, a resolution has not been reached.
Merger of theatres	In 2015, the city mandated a merger of the three city-owned theatres: Sony Centre for the Performing Arts (Sony), St. Lawrence Centre (STLC) and Toronto Centre for the Arts (TCA). In December 2017, City Council passed a motion whereby Sony would assume the operations of STLC, TCA and CTT Pursuant to City Council direction, on January 1, 2018, the assets and liabilities of STLC and TCA were transferred into the legal entity operating as the Board of Directors of the Hummingbird Centre for Performing Arts. This merged entity was changed to operate as Civic Theatres Toronto. The transaction has been recorded in the financial statements in accordance with the guidance provided in Public Sector Accounting Standard 3430 – Restructuring Transactions. In accordance with this accounting standard, the assets and liabilities of STLC and TCA were transferred at their carrying value on the date of transfer with a corresponding decrease in the statement of operations for the year ended December 31, 2018, reflecting the net liability position of STLC and TCA on December 31, 2017. As a result of the merger, management identified certain assets and liabilities previously reflected in the accounts of TCA that were not transferred to the newly merged entity. These assets and liabilities are disclosed in note 14 to the financial statements. As part of the audit, we worked closely with management to determine the accounting for the transaction under Public Sector Accounting Standards. We are in agreement with the accounting for the transaction and note that it is disclosed and presented in accordance with Public Sector Accounting Standards. Based on a review of available historical documentation related to the TCA capital assets and reserves as well discussions held with management, the City and the City's legal group, we are accepting of the TCA asset and liability adjustments on the date of the merger.
Summary of unadjusted and adjusted items	As a result of our audit, we identified an adjusted item with an effect on the statement of financial position. Please see Appendix B for details of the adjusted item. We did not identify any unadjusted misstatements.
Management's representations	We need to inform you of the representations we are requesting from management. A copy of the management representation letter is included in Appendix C. We requested our standard representations.
Internal control recommendations	We have no significant internal control recommendations to report.

Key matters for discussion	*Comments*
Fraud and illegal acts	We discuss fraud risk annually with management and the Audit 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 confirm that the Audit Committee is not aware of any known, suspected or alleged incidents of fraud or illegal acts not previously discussed with us.
Subsequent events	No subsequent events which would impact the financial statements other than those disclosed have come to our attention. We would like to confirm that the Audit Committee is not aware of any other subsequent events that might affect the financial statements

Appendix A: Draft auditor's report

Independent auditor's report

To the Members of The Board of Directors of the Hummingbird Centre for the Performing Arts (operating as Civic Theatres Toronto)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Board of Directors of the Hummingbird Centre for the Performing Arts (operating as Civic Theatres Toronto) (the Entity) as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Entity's financial statements comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations for the year then ended;
- the statement of changes in net assets (accumulated deficit) for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[DRAFT]

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June @@, 2019

Appendix B: Summary of adjusted items

Adjusted items

As a result of our audit, we noted the following items with an impact on the statement of financial positon and the statement of operations and changes in net assets.

Adjusted items for the year ended December 31, 2018	Assets Dr/(Cr) $	Liabilities Dr/(Cr) $	Net Assets Dr/(Cr)$	Excess of expenses over revenues DR/(Cr) $
1. Reflect the netting of HST receivable and payable at year-end Dr. Account Payable HST Cr. Account Receivable HST	(297,938)	297,938	-	-
Total	**(297,938)**	**297,938**	-	-

Appendix C: Management representation letter

DRAFT

Client Letterhead

June @@, 2019

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

Attn: Michael Hawtin

Dear Mr. Hawtin:

We are providing this letter in connection with your audit of the financial statements of The Board of Directors of the Hummingbird Board for the performing Arts (the Board) Operating as the Civic Theatres Toronto (Civic Theatres Toronto) as at December 31, 2018 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 of Civic Theatres Toronto and results of its operations and its cash flows in accordance with Canadian public sector accounting standards (the financial statements).

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 18, 2015 and in particular with respect to the following responsibilities:

- the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards including disclosures;
- 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;
- designing, implementing and maintaining an effective system of internal control to prevent and detect fraud;
- providing you with all relevant information and access, as agreed in the terms of the audit engagement; and
- ensuring all transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

Preparation of financial statements
The financial statements are fairly presented in accordance with Canadian public sector accounting standards, and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which Civic Theatres Toronto is subject. We have prepared Civic Theatres Toronto's financial statements on the basis that Civic Theatres Toronto is able to continue as a going concern.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. subledger 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 intra-entity and inter-entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

Other information
We confirm to you that we are not required by law, regulation or custom and do not intend to issue a document (which would include or accompany the financial statements and our auditor's report thereon) with information on Civic Theatres Toronto's operations and Civic Theatres Toronto's financial results and financial position as set out in the financial statements.

Accounting policies
We confirm that we have reviewed Civic Theatres Toronto's 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 Civic Theatres Toronto's particular circumstances.

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 control over financial reporting
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.

Minutes
All matters requiring disclosure to or approval of the Board of Directors have been brought before them at appropriate meetings and are reflected in the minutes.

Completeness of transactions
All contractual arrangements entered into by Civic Theatres Toronto 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. Civic Theatres Toronto has 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 Civic Theatres Toronto 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 Civic Theatres Toronto's financial statements, communicated by employees, former employees, analysts, regulators, investors 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 Civic Theatres Toronto from whom you determined it necessary to obtain audit evidence.

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 any known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.

Accounting estimates and fair value measurements
Significant assumptions used by Civic Theatres Toronto 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 Civic Theatres Toronto'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 CPA Canada Public Sector Accounting Handbook Section 2130, *Measurement Uncertainty*, have been appropriately disclosed.

Related parties
We confirm that we have disclosed to you the identity of Civic Theatres Toronto's related parties as defined by CPA Canada Public Sector Accounting Handbook Section PS 2200, *Related Party Disclosures*, and all the related party relationships and transactions.

The identity and relationship of, and balances and transactions with, related parties have been properly recorded and adequately disclosed in the financial statements as required by CPA Canada Public Sector Accounting Handbook Section PS 2200, *Related Party Disclosures*. We provided support for any assertion that a transaction with a related party was conducted on terms equivalent to those prevailing in an arm's length transaction.

The list of related parties attached to this letter as Appendix A accurately and completely describes Civic Theatres Toronto's related parties and the relationships with such parties.

Going concern
There are no events or conditions that, individually or collectively, may cast significant doubt on Civic Theatres Toronto's ability to continue as a 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 Civic Theatres Toronto'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 Civic Theatres Toronto is contingently liable in accordance with 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 as at December 31, 2018 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
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.

We confirm that the financial statements are free of material misstatements, including omissions.

We confirm there are no uncorrected misstatements in the financial statements.

The adjusted misstatements summarized in Appendix B have been approved by the Board and adjusted in the financial statements.

Events after balance sheet date
We have identified all events that occurred between December 31, 2018 and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

For the following specific representations, the terms "year end" and "year" are defined as each year end and each year respectively, covered by the audit of the financial statements as stated above.

Cash and banks
The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of Civic Theatres Toronto.

All cash balances are under the control of Civic Theatres Toronto, 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 Civic Theatres Toronto.

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 Civic Theatres Toronto are included in the financial statements.

Statements of operations, changes in net assets and remeasurement gains and losses
All transactions entered into by Civic Theatres Toronto have been recorded in the books and records presented to you.

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

Any changes to internal fund restrictions that are reflected in the financial statements, but not yet approved by the Board of Directors will be approved prior to the Board of Directors approving the financial statements.

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

Accounts receivable
All amounts receivable by Civic Theatres Toronto 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 balance sheet 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 Civic Theatres Toronto, 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 connections 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 tangible capital assets have been recorded at fair value at the date of the contribution.

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

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

Capital assets owned by Civic Theatres Toronto 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. During the year, we reviewed the appropriateness of the depreciation policy and estimate of useful lives for tangible capital assets, taking into account all pertinent factors. Any changes in our assessment from the prior year have been adequately disclosed and reflected in the financial statements.

All lease agreements covering property leased by or from Civic Theatres Toronto 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, conditions or changes in circumstances that indicate that a capital asset no longer contributes to Civic Theatres Toronto's ability to provide goods and services.

HST – input tax credits
Civic Theatres Toronto 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 'net tax method for charities' has been used to compute tax credits and the related receivable in the financial statements is complete and accurate.

Funds of CTT held at the City of Toronto
Civic Theatres Toronto has various funds, as disclosed in note 3 of the financial statements, with the city of Toronto. We confirm that the transactions and balances disclosed are complete and accurate and all amounts have been agreed to and confirmed with the City of Toronto.

Financial instruments
Civic Theatres Toronto has decided to apply PS 3450 for financial instruments. All financial instruments have been appropriately recognized under PS3450 and all disclosures made are appropriate.

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

Retirement benefits, post-employment benefits, compensated absences and termination benefits
All arrangements to provide retirement benefits, post-employment benefits, compensated absences and termination benefits have been identified to you and have been included in the actuarial valuation as required.

Civic Theatres Toronto does not plan to make frequent amendments to the pension or other post-retirement benefit plans.

Early adoption of PSAS 3430
We have early adopted PSAS 3430, to account for the merger of the three theatres. Under Section PSAS 3430, the individual assets and liabilities transferred in a restructuring transaction would be derecognized by the transferor and recognized by the recipient at their carrying amounts with applicable adjustments, see note 13 of financials. The increase in net assets/liabilities resulting from recognition or derecognition of individual assets and liabilities received from all transferors and transferred to all recipients in a restructuring transaction would be recognized as revenue or as an expense.

Yours truly,

The Board of Directors of the Hummingbird Board for the performing Arts (the Board) Operating as the Civic Theatres Toronto

Mr. Clyde Wagner, President and Chief Executive Officer

Mr. William Milne, Vice President of Finance & Administration

Appendix A

Board Members

- Paul Bernards
- Gary Crawford
- John Filion
- Paula Fletcher
- Robert J. Foster
- Kevin Garland
- Steven Levitan
- Cynthia Lickers-Sage
- Gabriel Michaan
- Kathleen Sharpe
- Charles C. Smith
- Gillian Smith
- Kerry Swanson

Senior Management

- Clyde Wagner, President and CEO
- Madeleine Skoggard, Director of Programming
- William Milne, VF of Finance and Administration
- Mary Ann Farrell, VP of Marketing & Communications
- Matthew Farell, VP of Operations
- Martha Haldenby, Senior Director of Development
- Kristopher Dell, Director of Production

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

Appendix B

Adjusted items for the year ended December 31, 2018	Assets Dr/(Cr) $	Liabilities Dr/(Cr) $	Net Assets Dr/(Cr) $	Excess of expenses over revenues DR/(Cr) $
1. Reflect the netting of HST receivable and payable at year-end. Dr. Account Payable HST Cr. Account Receivable HST	(297,938)	297,938	-	-
Total	**(297,938)**	**297,938**	**-**	**-**

Appendix E: Draft financial statements

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

(operating as Civic Theatres Toronto)

Financial Statements

December 31, 2018

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

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

(operating as Civic Theatres Toronto)

Statement of Financial Position

As at December 31, 2018

(in thousands of dollars)

	2018 $	2017 $
Assets		
Current assets		
Cash	13,635	4,016
Accounts receivable	2,775	1,082
Due from the City		
Facility Fee Reserve Fund (notes 3 and 4)	284	349
Capital Program – State of Good Repair (SOGR)	2,097	1,162
Prepaid expenses	184	64
	18,975	6,673
Capital assets (note 5)	3,664	1,733
Art collection	29	29
Other asset (note 7)	-	560
	22,668	8,995
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	4,960	2,782
Due to the City		
Operating surplus (note 4)	388	338
Surcharge payable	157	77
Stabilization Fund	2,325	-
Trade payables	3,731	341
Loan payable (note 5)	85	85
Deferred revenue	2,383	1,047
Advance ticket sales	9,075	2,799
	23,104	7,469
Loan payable (note 5)	85	170
Deferred capital contributions (note 8)	3,237	1,228
	26,426	8,867
Unrestricted net assets (deficit)		
Accumulated net surplus (deficit)	(3,758)	128
	22,668	8,995

Commitments and contingencies (note 10)

Approved by the Board of Directors

_________________________ 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

DRAFT

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

(operating as Civic Theatres Toronto)

Statement of Operations and Changes in Net Assets (Deficit)

For the year ended December 31, 2018

(in thousands of dollars)

	2018 Budget $	2018 Actual $	2017 Actual $
Revenue			
Operating			
Performance	6,359	3,302	5,240
Rental	12,614	13,728	6,235
Ancillary	5,564	5,078	5,523
Other recoveries	599	395	419
Interest and other (note 13)	36	2,211	64
Transfer from Facility Fee Reserve Fund	1,914	283	78
Transfer from the City State Of Good Repair Program	-	206	-
Subsidy from the City	5,274	5,274	1,707
Amortization of deferred capital contributions (note 8)	-	2,430	361
	32,360	32,907	19,627
Expenses			
Operating			
Salaries, wages and benefits (note 6)	15,727	14,762	8,556
Presentation and production	6,333	4,616	4,170
Ancillary	1,749	1,550	1,943
Building operations	4,598	3,099	1,759
Transfer to Stabilization Fund	-	2,325	-
Transfer to Facility Fee Reserve Fund	1,434	1,314	1,262
Program services	1,723	1,380	346
Administration	796	1,043	769
Amortization of capital assets	-	2,479	382
	32,360	32,568	19,187
Excess of revenue over expenses before the following	-	339	440
Gain on disposal of capital assets (note 5)	-	-	6
Net effect of merger (note 14)	-	(3,837)	-
Excess (deficiency) of revenue over expenses before transfer to the City	-	(3,498)	446
Transfer to the City (note 4)	-	(388)	(338)
Excess (deficiency) of revenue over expenses	-	(3,886)	108
Unrestricted net assets – Beginning of year	-	128	20
Unrestricted net assets (deficit) – End of year	-	(3,758)	128

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

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

(operating as Civic Theatres Toronto)

Statement of Cash Flows

For the year ended December 31, 2018

(in thousands of dollars)

	2018 $	2017 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(3,886)	108
Add (deduct): Non-cash items		
Amortization of deferred capital contributions	(2,430)	(361)
Amortization of capital assets	2,479	382
Net effect of merger, net of cash acquired	5,051	-
Gain on disposal of capital assets	-	(6)
Gain on settlement of other assets	(106)	-
Net change in non-cash working capital balances (note 9)	5,961	(418)
Cash used in operating activities	7,069	(295)
Investing activities		
Purchase of capital assets	(60)	(245)
Proceeds on settlement of other assets	666	-
Proceeds on disposal of capital assets	-	6
	606	(239)
Financing activities		
Repayments to the City	(356)	(397)
Transfer to Stabilization Fund	2,325	-
Repayment of loan payable	(85)	(85)
Contributions received for capital asset purchases	60	116
	1,944	(366)
Increase (decrease) in cash during the year	9,619	(900)
Cash – Beginning of year	4,016	4,916
Cash – End of year	13,635	4,016

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

(in thousands of dollars)

1 Operations and relationship with the City of Toronto

The Board of Directors of the Hummingbird Centre for the Performing Arts (the Board), carrying on business as Civic Theatre Toronto (CTT), is continued as a city board pursuant to the provisions of the City of Toronto Act, 2006. The Board is a corporate body, and its purposes are the operation, management and maintenance of the City of Toronto (the City) owned theatres known as the Sony Centre for the Performing Arts (Sony), St. Lawrence Centre for the Arts (STLC) and Toronto Centre for the Arts (TCA) (collectively the theatres), as theatres and auditoriums and as centres for meetings, receptions and displays, on behalf of the City.

The City is responsible for the Board's operating deficits and is entitled to its operating surpluses. The Board may not borrow money without the approval of City Council. The Board has an operating line of credit with the City not to exceed $1,250,000, repayable before December 31 in any year.

The Board is a registered charitable organization and, as such, can issue tax receipts and 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 Board 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 Board follows the deferral method of accounting for contributions. Contributions, including grants, 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 are deferred and amortized over the life of the related capital asset. Performance and rental revenue is recognized on the date of the attraction or event. Ancillary revenue is generally recognized at the point of sale.

Deferred revenue consists of the Board's advance ticket sales for its presentations, unredeemed gift certificates, sponsorship revenue and donation revenue for which no tax receipt has been issued attributable to future periods of benefit.

Cash

Cash represents cash on hand and cash at the bank.

(in thousands of dollars)

Capital assets

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

Stage equipment	10 years
Computer equipment (excluding personal computers, laptops, tablets, mobile devices)	4 years
Other equipment	5 years
Furniture	5 years
Building Improvements	12 years

Expenditures for chattel assets are capitalized and amortized over the periods of their useful lives, and funding is provided through the Facility Fee Reserve Fund (FFRF).

The Board reviews long-lived assets for impairment whenever events or changes in circumstances indicate the asset no longer has any long-term service potential to the Board. The impairment loss, if any, is the excess of the carrying value over any residual value. The Board writes down the cost of its capital asset when it can objectively estimate a reduction in the value of the asset's service potential to the Board and has persuasive evidence that the reduction is expected to be permanent in nature. The capital asset would be written down to the revised estimate of the value of the asset's remaining service potential to the Board. Write-downs are not subsequently reversed.

Major facilities of the theatres, including the land and building in which the Board operates, are recorded in the accounts of the City. Expenditures for significant leasehold improvements to the building are charged to the City's capital works program and the corresponding funding is withdrawn from the State of Good Repair Fund. These assets are owned by the City and are recorded in the accounts of the City and are therefore not recorded as assets of the Board.

Financial instruments

The Board's financial instruments included in the statement of financial position are comprised of cash, accounts receivable, accounts payable and accrued liabilities, loan payable and amounts due to/from the City. The financial instruments are initially measured at fair value and subsequently measured at amortized cost.

For certain financial instruments, including cash, accounts receivable and accounts payable and accrued liabilities, the carrying values approximate 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 and changes in net assets (liabilities). A write-down is not subsequently reversed for a subsequent increase in value.

(in thousands of dollars)

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

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 Board currently does not have contributed services.

Leases

Operating lease costs are recognized as an expense on a straight-line basis over the life of the lease.

Employee benefit plan

The employee benefit plan is the multi-employer pension plan (note 6). The Board has adopted the following policies with respect to employee benefit plans:

- the Board's contributions to a multi-employer defined benefit pension plan and to deferred retirement savings plans are expensed when contributions are due; and

- the costs of termination benefits and compensated absences are recognized when the Board is demonstrably committed to either terminate the employment of an employee or group of employees, or to provide termination benefits as a result of an offer to encourage voluntary termination. Costs include projected future compensation payments, fees paid for career counselling and accrued benefits.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at the rates prevailing at the transaction dates. Revenue and expenses are translated at the exchange rates on the dates of the transactions. There were no unrealized exchange gains and losses; therefore, a statement of remeasurement gains and losses has not been presented.

Use of estimates

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

(in thousands of dollars)

3 Funds of the Board held at the City

Stabilization Reserve Funds

The Board has an agreement with the City that established in the accounts of the City a Stabilization Reserve Fund. Under the operating agreement with the Board, the City is entitled to the operating surpluses of the Board and is responsible for the Board's deficits in any year. In certain years since 1996, the Board has been allowed by the City to transfer its operating surplus into the Stabilization Reserve Fund for the purpose of putting surpluses aside in better years in order to offset deficits in other years. Amounts maintained in the fund are not interest bearing. This fund resides in the City's financial statements and is not included in the theatre's financial statements.

As at December 31, 2018, the balance in Sony's Stabilization Reserve Fund is $833 (2017 – $167).

During 2003, TCA entered into an agreement with the City that established, in the accounts of the City, The North York Performing Arts Centre Corporation Stabilization Reserve Fund for the purposes of putting aside income earned in profitable years in order to offset deficits in other years. This agreement provided that transfers were to be made to the Stabilization Reserve Fund based on the cash basis of accounting and therefore excludes amortization. Beginning with the year ended December 31, 2006, the transfer of the current year operating income is no longer automatically added to the Stabilization Reserve Fund. The transfer is only added to this fund if approved by City Council. This fund resides in the City's financial statements and is not included in the theatre's financial statements. As at December 31, 2018, the balance in The North York Performing Arts Centre Corporation Stabilization Reserve Fund is $1,826 (2017 – $167).

Legal settlements resulted during the year, the Board received proceeds in the amount of $2,325 related to the settlement of legal matters (note 13). The proceeds were transferred to the Stabilization reserves of Sony and TCA.

Facility Fee Reserve Fund (FFRF)

In October 2011, the City updated its administrative amendments to the Board's FFRF. Contributions to the FFRF can now include the facility fee surcharge, which is applied to most tickets sold for attractions at the centre at a rate determined by the Board; capital salvage; corporate and naming right contributions for a capital purpose; developer capital contributions; other recoveries of a capital nature; and any other contributions directed by City Council. The FFRF is banked by the City and is recorded on the City's books.

(in thousands of dollars)

The changes in the fund are as follows:

	2018 $	2017 $
Balance – Beginning of year	1,938	1,128
Revenue from ticket capital surcharge	1,282	831
Proceeds from sale of capital assets	-	6
Investment income	23	7
Proceeds from Name-In-Title sponsor	433	417
Building maintenance and repairs expenditures	-	(183)
Chattel asset purchases	(447)	(268)
Balance – End of year	3,229	1,938

Capital Maintenance Reserve Fund

The TCA Capital Maintenance Reserve Fund, which consists of unspent capital ticket surcharges, is invested by the City. The capital surcharge on the sale of tickets for performances is considered to be externally restricted, with the funds and interest earned on the funds only to be used for capital improvements of the TCA.

The changes in the TCA fund are as follows:

	2018 $	2017 $
Balance – Beginning of year	814	1,437
Revenue from ticket capital surcharge	-	76
Investment income	10	9
Funding for stage redevelopment from the City	-	143
Funding for stage redevelopment from other funders	-	343
Purchase of capital assets funded	(154)	(1,194)
Balance – End of year	670	814

4 Related party transactions

Due from the City – FFRF

The FFRF can be used to fund maintenance, state of good repair, heritage preservation and renovation of the theatre as well as repayment of advances and/or loans – principal and interest – made by the City to the Board (note 3). The total amount expended in 2018 was $447 (2017 – $451), of which $114 is due from the FFRF as at December 31, 2018 (2017 – $93). A further $170 is due from the FFRF (2017 – $255), but has not been drawn as at December 31, 2018, as part of a multi-year sponsorship arrangement.

(in thousands of dollars)

Intercompany expenses and payables

In the normal course of operations, the Board incurs costs for various expenses payable to the City such as legal and other administration expenses. Transactions between the City and the Board are made at the agreed-on exchange amount.

As part of the terms of the agreement between the Board and the City, any operating excess (deficiency) is to be transferred to or recovered from the City. The amount of the transfer of the operating excess (deficiency) to/(from) the City is based on excess/(deficiency) of revenue after adjustments for non-cash items.

The Due to the City Trade Payable contains a balance of 3.7M that is currently under review by the City. CTT has questioned the validity of these charges due to the aging and lack of support of those items relating to intercompany balances between the City and TCA. CTT raised these questions during the process of amalgamating the TCA into their operations, and the charges will be further investigated in fiscal 2019.

The transfer of operating excess of revenue is calculated as follows:

	2018 $	2017 $
Excess of revenue over expenses for the year, before transfer to the City and effect of merger	339	446
Add (deduct): Non-cash and other items		
Amortization of deferred capital contributions	(2,430)	(361)
Amortization of capital assets	2,479	382
Other items	-	(129)
Transfer to the City	388	338

The amount payable as at December 31, 2018 is included in due to the City – operating surplus balance on the statement of financial position. The receivable/payable from/to the City is non-interest bearing.

5 Capital assets

		2018	
	Cost $	Accumulated amortization $	Net $
Stage equipment	8,255	5,741	2,514
Computer equipment	2,357	2,110	247
Other equipment	1,082	895	187
Building Improvements	4,254	3,559	695
Furniture	661	640	21
	16,609	12,945	3,664

(in thousands of dollars)

			2017
	Cost $	Accumulated amortization $	Net $
Stage equipment	2,497	1,203	1,294
Computer equipment	1,848	1,523	325
Other equipment	634	529	105
Furniture	483	473	10
	5,462	3,728	1,734

During 2018, the Board disposed of capital assets with an original cost of $3,323 (2017 – $301) and accumulated amortization of $3,323 (2017 – $301). The cost and related accumulated amortization have been removed from the financial statements. Proceeds from the disposal of assets in 2018 were $nil (2017 – $6).

In 2015, the Board approved an equipment purchase with a third party vendor, which was funded partly by an interest free loan provided by the vendor in the amount of $505 ,with the remainder being paid by the Board in kind through provision of services over the repayment period of the loan. The terms of the agreement specified that the loan is to be repaid through an initial payment of $80 and equal annual instalments of $85 over five years beginning on July 20, 2016. The loan payable as at December 31, 2018 is $170 (2017 – $255).

6 Employee benefits

The Board makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer pension plan, on behalf of many of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service, pension formula and best 60 months of earnings. Employees and employers contribute equally to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit, as the amount is not determinable. Employers' current service contributions to the OMERS pension plan in the amount of $732 (2017 – $449) were expensed and are included in salaries, wages and benefits.

In addition to other than continuous full-time offers to participate in the OMERS plan, the Board has arrangements with bargaining units to make contributions to registered retirement savings plans on behalf of its employees. Contributions in the amount of $223 (2017 – $169) were expensed and are included in salaries, wages and benefits.

(in thousands of dollars)

7 Other assets

In 2007, the Board was the recipient of the right, title and interest in the Purchase Agreement and Deposit of a condominium unit as a charitable donation. The intention of the Board was to resell the condominium unit at a time that maximized value.

In March 2016, the Board received notice from the donor that the unit was unavailable for transfer to the Board. In March 2018, the donor honored his commitment and provided a cheque for $666 (the appraised value of the condo at December 2016, net of transfer costs).

8 Deferred capital contributions

Deferred capital contributions represent unamortized amounts of capital contributions. The Board follows the deferral method of accounting for restricted contributions received. These contributions comprise capital assets donated by corporations, the Board's FFRF and contributions in-kind. The most significant sources of the balance are contributions from the City's Capital Reserve Fund. The changes in deferred capital contributions during the year are as follows:

	2018 $	2017 $
Balance – Beginning of year	1,228	1,473
Amortization of deferred capital contributions	(2,430)	(361)
Net effect of merger – DCC portion	4,379	-
Contributions restricted for the purchase of capital assets	60	116
Balance of deferred capital contributions	3,237	1,228

Included in the contributions received during the year is $60 (2017 – $116) to fund chattel asset purchases (note 5).

(in thousands of dollars)

9 Statement of cash flows

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

	2018 $	2017 $
Accounts receivable	(1,387)	(432)
Prepaid expenses	(105)	96
Accounts payable and accrued liabilities	1,031	981
Due to/from the City		
Operating surplus – current fiscal year	50	331
Trade payables	(305)	300
Surcharge payable	80	52
Deferred revenue	725	(858)
Advance ticket sales	5,872	(888)
	5,961	(418)

10 Commitments and contingencies

Leases

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

	$
2019	7
2020	7
2021	7
2022	7
2023	3
	31

Contingencies

From time to time, the Board 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 Board. Accordingly, no material provisions have been made for loss in these financial statements, but in management's view, these claims should not have a material adverse effect on the financial position of the Board.

(in thousands of dollars)

11 Financial risk management

The main risks to which the Board's financial instruments are exposed are as follows.

Foreign exchange risk

Foreign exchange risk is the risk due to fluctuations in foreign exchange prices. Realized exchange gains of $14 are included in the statement of operations and changes in net assets (liabilities) for the year ended December 31, 2018 (2017 – loss of $1).

The Board is exposed to gains/losses that arise with respect to the degree of volatility of foreign exchange rates. The Board believes it has a low exposure to foreign exchange risk given the value of its foreign denominated assets.

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 that are receivable result in exposure to credit risk since there is a risk of counterparty default. The Board provides for an allowance for doubtful accounts to absorb potential credit losses where required. As at December 31, 2018, five accounts represent 76% of the total accounts receivable balance (2017 – three accounts represent 73%).

The Board believes it has moderate exposure to credit risk.

Liquidity risk

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

The Board manages its liquidity risk by forecasting cash flows from operations and other activities and maintains credit facilities with the City to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

The Board believes it has moderate exposure to liquidity risk given the value of the accounts payable and accrued liabilities, deferred revenue and advance ticket sales.

The Board believes it has moderate exposure to liquidity risk given the value of the accounts payable and accrued liabilities, deferred revenue and advance ticket sales.

(in thousands of dollars)

12 Trust Fund

In 1981, STLC 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 (2017 – $7), has not been included in the Board's statement of financial position nor have its operations been included in the Board's statement of operations.

13 Interest and Other Revenue

Interest and other revenue of $2,211 includes $203 related to interest and $1,873 related to legal settlements.

14 Merger of theatres

In 2015, the City mandated a merger of the three city-owned theatres: Sony, STLC and TCA. In December 2017, City Council passed a motion whereby Sony would assume the operations of STLC, TCA and CTT. Effective January 1, 2018, Sony would operate as Civic Theatres Toronto (CTT) and the three individual boards were also dissolved.

Effective January 1, 2018, the Board adopted public sector standard 3430, Restructuring Transactions (PS3430). This accounting standard defines restructuring transactions and provides guidance with respect to the accounting and reporting for these transactions. The Board accounted for the integration with TCA, STLC and CTT under this new accounting standard. In accordance with PS 3430, the Board recorded the net liabilities of TCA, STLC and CTT at the carrying value of TCA, STLC and CTT on the date of transfer with the net increase in net liabilities recognized in the statement of operations for the year ended December 31, 2018. The merger of the three theatres occurred on January 1, 2018 and as such the financial statements reflects the merged entity for 2018, whereas the comparative results for 2017 are based on the results of Sony.

(in thousands of dollars)

As at the date of the merger, the Board acquired the assets and liabilities outlined in the table below:

	Note	STLC $	TCA $	CTT $	Less Adjustments $	Total $
Cash		293	921	-	-	1,214
Accounts receivable		147	158	-	-	305
Due from City		514				514
Prepaid expenses		2	14	-	-	16
Total current assets		956	1,093	-	-	2,049
Capital assets	(a)	2,314	30,071	-	(28,035)	4,350
Artwork	(b)	-	2,542	-	(2,542)	-
Total assets		3,270	33,706	-	(30,577)	6,399
Accounts payable and accrued liabilities		667	480	-	-	1,147
Due to City	(c)	104	2,778	-	813	3,695
Deferred revenue		160	451	-	-	611
Advance ticket sales		118	286	-	-	404
Deferred capital contributions	(a),(c)	2,343	25,698	-	(23,662)	4,379
Total liabilities		3,392	29,693	-	(22,849)	10,236
Net effect of merger		(122)	4,013	-	(7,728)	(3,837)

a) In connection with the merger, management identified a capital asset held by TCA that should have been transferred to the City in a prior year. Accordingly, the capital asset and related unamortized deferred capital contributions were not transferred to CTT on January 1, 2018.

b) Pursuant to an agreement with the City, the art work held by TCA was transferred to the City for no consideration effective January 1, 2018. As a result, the artwork was not transferred to CTT on January 1, 2018.

c) In connection with the merger, management identified a capital reserve fund between TCA and the City that should not be included in the accounts of TCA. As a result, the reserve fund liability and related amount owing from the City were not transferred to CTT on January 1, 2018.