CANLAN ICE SPORTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Canlan Ice Sports. Corp.

We have audited the accompanying consolidated financial statements of Canlan Ice Sports Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, the consolidated statements of earnings and comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Canlan Ice Sports Corp. as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP (signed)

Chartered Accountants

March 23, 2015
Vancouver, Canada

CANLAN ICE SPORTS CORP.

Consolidated Statements of Financial Position
(Expressed in thousands of dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	$ 13,534	$ 10,080
Accounts receivable	2,781	2,333
Inventory (note 5)	1,037	1,095
Prepaid expenses and deposits	732	421
	18,084	13,929
Non-current assets:		
Property, plant and equipment - facilities (note 6)	97,682	89,401
Investment properties (note 7)	570	570
Deferred tax assets (note 15b)	1,308	1,234
Other assets	378	427
	99,938	91,632
	$ 118,022	$ 105,561
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 7,351	$ 7,360
Deferred revenue and customer deposits	11,333	11,216
Financial liability held for trading (note 16a)	-	19
Current portion of:		
Obligations under finance leases (note 9)	572	493
Debt (note 10)	3,806	16,867
	23,062	35,955
Non-current liabilities:		
Obligations under finance leases (note 9)	1,239	966
Debt (note 10)	47,965	22,907
Deferred tax liabilities (note 15b)	971	777
	50,175	24,650
Total liabilities	73,237	60,605
Shareholders' equity:		
Share capital (note 11)	63,109	63,109
Contributed surplus	543	543
Deficit	(18,867)	(18,696)
	44,785	44,956
	$ 118,022	$ 105,561

Nature of operations (note 2)
Commitments and contingencies (note 14)
Subsequent events (notes 11, 12 and 22)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board:

"W. Grant Ballantyne" Director **"Joey St-Aubin"** Director

CANLAN ICE SPORTS CORP.

Consolidated Statements of Earnings and Comprehensive Income
(Expressed in thousands of dollars, except for share and per share amounts)

Years ended December 31, 2014 and 2013

	2014	2013
Revenue:		
Ice rink and recreational facilities (note 19)	$ 75,732	$ 72,791
Expenses (note 21):		
Ice rinks and recreational facilities:		
Salaries, wages and benefits	28,870	28,131
Selling and customer service	10,514	10,267
Utilities	6,811	6,819
Cost of goods sold	5,575	5,518
Repairs and maintenance	4,128	3,641
Property tax	2,597	2,634
Facility lease	1,594	1,759
	60,089	58,769
Earnings from ice rink and recreational facilities	15,643	14,022
General and administration expenses (notes 13 and 21)	4,559	4,234
Earnings before the undernoted	11,084	9,788
Other expenses (income) (note 21):		
Depreciation	6,132	5,633
Gain on sale of assets	(47)	(10)
Foreign exchange loss	666	105
	6,751	5,728
Finance income (costs):		
Finance income	111	91
Finance costs	(2,643)	(2,462)
	(2,532)	(2,371)
Earnings before income taxes	1,801	1,689
Income tax expense (note 15):		
Current	785	547
Deferred	120	46
	905	593
Net earnings and comprehensive income	$ 896	$ 1,096
Basic and fully diluted earnings per share	$ 0.07	$ 0.08
Weighted average common shares issued for basic and diluted earnings per share calculations	13,337,448	13,337,448

The accompanying notes form an integral part of these consolidated financial statements.

CANLAN ICE SPORTS CORP.

Consolidated Statements of Changes in Equity
(Expressed in thousands of dollars)

Years ended December 31, 2014 and 2013

	Share capital	Contributed surplus	Deficit	Total
Balance at January 1, 2013	$ 63,109	$ 543	$ (18,725)	$ 44,927
Net earnings and comprehensive income	-	-	1,096	1,096
Dividends to common shareholders	-	-	(1,067)	(1,067)
Balance at December 31, 2013	63,109	543	(18,696)	44,956
Net earnings and comprehensive income	-	-	896	896
Dividends to common shareholders	-	-	(1,067)	(1,067)
Balance at December 31, 2014	$ 63,109	$ 543	$ (18,867)	$ 44,785

The accompanying notes form an integral part of these consolidated financial statements.

CANLAN ICE SPORTS CORP.

Consolidated Statements of Cash Flows
(Expressed in thousands of dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Cash provided by (used in):		
Operating:		
Net earnings	$ 896	$ 1,096
Adjustments for:		
Depreciation	6,132	5,633
Gain on sale of assets	(47)	(10)
Net finance costs	2,532	2,371
Deferred Income taxes	120	46
Unrealized foreign currency loss on debt	722	146
Net change in non-cash working capital (note 20)	(735)	(239)
Interest paid	(2,667)	(2,424)
Interest received	92	73
	7,045	6,692
Financing:		
Principal repayments of debt	(3,726)	(3,240)
Increase in principal of debt	15,029	5,000
Principal repayments on obligations under finance lease	(560)	(621)
Payment of dividends on common shares	(1,067)	(1,067)
	9,676	72
Investments:		
Net proceeds on sale of assets	70	10
Purchase of ice rink property (note 6)	(10,190)	-
Capital expenditures on facilities	(3,173)	(9,576)
Expenditures on other assets	(116)	(125)
	(13,409)	(9,691)
Effect of changes in foreign currency rates on cash and cash equivalents	142	107
Increase (decrease) in cash and cash equivalents	3,454	(2,820)
Cash and cash equivalents, beginning of year	10,080	12,900
Cash and cash equivalents, end of year	$ 13,534	$ 10,080

Supplemental cash flow information (note 20)

The accompanying notes form an integral part of these consolidated financial statements.

1. Reporting entity:

Canlan Ice Sports Corp. and its subsidiaries (collectively referred to as the "Company") focus on the development, lease, acquisition and operation of multi-purpose recreation and entertainment facilities. Canlan Ice Sports Corp. is a company incorporated in Canada, whose shares are publicly traded on the Toronto Stock Exchange. The Company is domiciled in Canada and its head office is located at 6501 Sprott Street, Burnaby, British Columbia, Canada.

2. Nature of operations:

The Company has long-term debt with principal payments coinciding with the Company's seasonal business such that the Company expects that it will not require financing during the off peak hockey season. In addition, the long-term debt agreements have maturity dates in 2018 to 2019 to provide the Company with liquidity over a reasonable period of time. The Company has a working capital deficiency of approximately $4,978,000 as the Company finances a portion of its assets through customer deposits.

3. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on March 23, 2015.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, except for liabilities for cash-settled stock-based payment arrangements which are measured at fair value.

(c) Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in tables has been rounded to the nearest thousand.

3. Basis of preparation (continued):

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty are the areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. These are:

- *Accounts receivables* - in determining the valuation of accounts receivable and the allowance for doubtful accounts, the Company relies on current customer information, payment history, and trends.
- *Accounting for stock-based compensation* - the fair value of the Company's stock appreciation rights ("SARs") is based on certain estimates used in applying the Black-Scholes pricing model. The rights are cash-settled and are classified as a liability and re-measured to fair value at each reporting date by recognizing compensation cost over the life of the SARs based on the vesting terms of each tranche.
- *Revenue recognition* - revenue from recreational facility operations is recognized as the product or service is supplied. Deferred revenue relates to amounts received in advance for the Company's adult sports leagues; revenue is recognized as games are played. A certain amount of judgment is required in the determination of revenue recognition based on the Company's estimates. Any differences are recognized upon completion of the season.
- *Deferred income tax* - deferred income tax assets and liabilities are calculated by assessing temporary differences resulting from differing treatment of items for tax and accounting purposes and net operating losses carried forward. The valuation of deferred tax assets are measured based on management's estimates of future taxable income and expected timing of reversals of temporary differences.

3. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

Critical judgments that have a higher degree of judgment and the most significant effect on the Company's financial reporting, apart from those involving estimates (discussed above), include:

- *Recoverability of property, plant, and equipment* - the recoverability of the Company's recreational properties is based on future discounted cash flows expected to be generated from such assets. These cash flows are based on management's approved budgets and projections. When appropriate, third-party appraisals will also be used to assess the recoverability of recreational properties.
- *Useful lives of property, plant, and equipment* - property, plant, and equipment are depreciated on a straight-line basis over their estimated useful life. Approximately 83% of the Company's total assets are comprised of recreational properties. The selection method of depreciation and length of the depreciation period could have a material impact on depreciation expense and the net book value of the Company's assets. Assets may become obsolete or require replacement before the end of their estimated useful lives, in which case any remaining unamortized costs would be written off.

(e) Comparative figures:

Certain comparative figures have been reclassified to conform to the current period's presentation.

4. Significant accounting policies:

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of consolidation:

(*i*) Subsidiaries:
These consolidated financial statements include the accounts of the Company and the following wholly-owned subsidiaries:

- Les Quatre Glaces (1994) Inc.
- Canlan Ice Sports (USA) Corp.
- P.C. Development Inc.

Subsidiaries are entities controlled by the Company. The statements of financial position of the subsidiaries are included in the consolidated financial statements from the date that control commences. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries are aligned with those adopted by the Company.

4. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(*ii*) Transactions eliminated on consolidation:

Intra-Company balances are eliminated in preparing the consolidated financial statements.

(b) Inventory:

Inventory consists of hockey equipment, supplies and sportswear held for sale, and food and beverage supplies. Inventory is recorded at the lower of cost and estimated net realizable value. The cost of inventory is based on the first-in first-out principle. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(c) Property, plant, and equipment:

(*i*) Recognition and measurement:

Items of property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets.

When parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized within gain on sale of assets.

(*ii*) Subsequent costs:

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net earnings as incurred.

4. Significant accounting policies (continued):

(c) Property, plant, and equipment (continued):

(*iii*) Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in net earnings on a straight-line basis over the estimated useful lives of each component of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Asset	
Buildings	40 years
Rink board systems	25 years
Refrigeration equipment	20 years
Building improvements	10 years
Leasehold improvements	Shorter of useful life or remaining lease term
Machinery and equipment	10 years
Computers, furniture and fixtures	5 years
Ice resurfacing equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(d) Investment property:

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in net earnings on a straight-line basis over the estimated useful lives of each investment property. The estimated useful lives for the current and comparative periods for investment property are consistent with the estimated useful lives for property, plant and equipment as described in note 4(c)(*iii*). Investment property comprising land is not depreciated.

4. Significant accounting policies (continued):

(e) Other assets:

Included in other assets are fixed assets located in the Company's corporate office.

(f) Leased assets:

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the Company's consolidated financial statements.

(g) Lease payments:

Payments made under operating leases are recognized in net earnings on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for in the period in which they are incurred.

(h) Revenue recognition:

(*i*) Ice and field time:

Revenue from rental contracts, programs and leagues is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognized as games and lessons are played and collection is reasonably assured.

(*ii*) Goods sold:

Revenue from the sale of food and beverage and sports store goods is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognized when the goods are transferred to the buyer.

(*iii*) Sponsorship:

Revenue from sponsorship contracts is recognized on a straight-line basis over the term of the contract.

4. Significant accounting policies (continued):

(h) Revenue recognition (continued):

(*iv*) Management contracts:

The Company's financial results include the revenue and expenses of facilities operated under management contracts where the Company's return is subject to the risks and rewards of operation. For facilities where this is not the case, the Company records only the revenue received in the form of fixed management fees. Revenue from such management contracts is recognized over the term of the contract.

(*v*) Rental income:

Rental income is recognized in net earnings on a straight-line basis over the term of the lease.

(i) Foreign currency:

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in net earnings.

(j) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures financial instruments and discloses select non-financial assets at fair value at each reporting period.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for assets or liability.

4. Significant accounting policies (continued):

(k) Financial instruments:

(*i*) Non-derivative financial assets:

The Company has the following non-derivative financial assets: loans and receivables. Such financial assets have fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of cash and cash equivalents and accounts receivable.

Cash and cash equivalents comprise cash balances and deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less when acquired, that are readily convertible to cash.

(*ii*) Non-derivative financial liabilities:

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and debt. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(*iii*) Derivative financial instruments:

Derivative instruments are financial contracts whose value is derived from interest rates, foreign exchange rates or other financial or commodity indices.

On October 21, 2011, the Company entered into an interest rate swap contract used to manage the exposure to market risks from changing interest rates. This instrument has not been designated as a hedge and is marked to market. The resulting unrealized gains and losses during the period are recorded in net earnings with a corresponding asset or liability recorded on the consolidated statement of financial position. Payments and receipts under the interest rate swap contract are recognized as adjustments to interest expense which are recognized within finance costs.

(l) Earnings per share:

The Company presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, if any.

4. Significant accounting policies (continued):

(m) Employee benefits:

(*i*) Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net earnings in the period in which services are rendered by employees. Contributions to a defined contribution plan that are due more than twelve months after the end of the period in which the employees render the service are discounted to their present value. On January 1, 2010, the Company established a defined contribution plan for its employees whereby the Company matches contributions to a maximum of 4% of salaries. Included in salaries, wages and benefits within ice rink and recreational facilities and general and administrative expenses is $333,000 (2013 - $327,000) in respect of the Company's contributions.

(*ii*) Share-based:

The fair value of the amount payable to directors and employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the directors and employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as compensation expense in net earnings.

(n) Finance income and finance costs:

Finance income comprises bank interest income and changes in the fair value of financial assets and liabilities at fair value through profit or loss. Interest income is recognized in net earnings as it accrues.

Finance costs comprise interest expense on borrowings and obligations under finance leases, bank charges and changes in the fair value of financial assets and liabilities at fair value through profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net earnings using the effective interest method.

(o) Income tax:

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4. Significant accounting policies (continued):

(o) Income tax (continued):

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Impairment:

(*i*) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net earnings.

4. Significant accounting policies (continued):

(p) Impairment (continued):

(*ii*) Non-financial assets:

The carrying amounts of the Company's property, plant, and equipment and investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Segment reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and assess its performance. Segment results include items directly attributable to a segment.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

4. Significant accounting policies (continued):

(r) Adoption of new accounting standards:

In May 2013, the IASB issued amendments to IAS 36 – *Recoverable Amount Disclosure for Non-Financial Assets*. The amendments clarify and add to the disclosure requirements when the recoverable amount of impaired assets is determined by fair value less costs of disposal. The Company concluded that there were no changes to disclosure required on adoption of this new standard.

In May 2013, the IASB issued IFRIC 21 – *Levies*. The interpretation provides guidance on when to recognize a liability for a levy imposed by a government. The Company concluded that there were no changes to recognition or measurement of property taxes required on adoption of this new standard.

(s) New standards and interpretations not yet adopted:

IFRS 9 – *Financial Instruments*, issued July 2014 replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and deals with classification and measurement of financial assets and financial liabilities. The requirements of this standard represent a significant change from the existing requirements in IAS 39. The changes will affect the classification and measurement of financial assets and financial liabilities, the rules and requirements relating to hedge accounting as well as impairment of financial assets.

The mandatory effective date of IFRS 9 is January 1, 2018 and is required to be applied retrospectively when initially applied. Adoption of this standard is not expected to have a significant effect on the consolidated financial statements of the Company.

5. Inventory:

	2014	2013
Sports store	$ 608	$ 715
Food and beverage	429	380
	$ 1,037	$ 1,095

The amount of inventory expensed during the year is presented in cost of goods sold in the consolidated statement of earnings and comprehensive income.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

6. Property, plant and equipment - facilities:

	Land	Buildings and building improvements	Leasehold improvements	Rink board systems	Refrigeration equipment	Machinery and equipment	Computers, furniture and fixtures	Ice resurfacing equipment	Work in process	Total
Cost										
Balance at December 31, 2012	$ 14,482	$ 91,483	$ 1,707	$ 3,884	$ 8,554	$ 8,949	$ 8,280	$ 4,259	$ -	$ 141,598
Additions	-	5,573	176	748	937	1,853	549	279	358	10,473
Disposals	-	(156)	-	(101)	-	(2)	(144)	(157)	-	(560)
Balance at December 31, 2013	14,482	96,900	1,883	4,531	9,491	10,800	8,685	4,381	358	$ 151,511
Reclassifications	-	60	7	-	-	43	248	-	(358)	-
Additions	1,092	8,699	6	347	1,949	1,256	167	578	206	14,300
Disposals	-	-	-	-	-	(32)	(54)	(23)	-	(109)
Balance at December 31, 2014	$ 15,574	$ 105,659	$ 1,896	$ 4,878	$ 11,440	$ 12,067	$ 9,046	$ 4,936	$ 206	$ 165,702
Accumulated depreciation and impairment losses										
Balance at December 31, 2012	$ -	$ (34,432)	$ (48)	$ (1,811)	$ (5,594)	$ (5,721)	$ (6,283)	$ (3,325)	$ -	$ (57,214)
Depreciation for the year	-	(2,774)	(178)	(194)	(446)	(657)	(763)	(437)	-	(5,449)
Disposals	-	156	-	101	-	1	144	151	-	553
Balance at December 31, 2013	-	(37,050)	(226)	(1,904)	(6,040)	(6,377)	(6,902)	(3,611)	-	(62,110)
Depreciation for the year	-	(3,222)	(198)	(187)	(506)	(778)	(749)	(320)	-	(5,960)
Disposals	-	-	-	-	-	17	33	-	-	50
Balance at December 31, 2014	$ -	$ (40,272)	$ (424)	$ (2,091)	$ (6,546)	$ (7,138)	$ (7,618)	$ (3,931)	$ -	$ (68,020)
Carrying amounts										
Balance at December 31, 2013	$ 14,482	$ 59,850	$ 1,657	$ 2,627	$ 3,451	$ 4,423	$ 1,783	$ 770	$ 358	$ 89,401
Balance at December 31, 2014	15,574	65,387	1,472	2,787	4,894	4,929	1,428	1,005	206	97,682

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

6. Property, plant and equipment - facilities (continued):

For the years ended December 31, 2014 and 2013, no impairment losses were recognized.

On September 2, 2014, the Company exercised its option to purchase a three-pad recreation facility in Indiana for $10,190,000 (US$9,326,000). This facility was previously operated under a long-term operating lease. The purchase was financed with debt (note 10(b)) and surplus cash.

Included in property, plant, and equipment - facilities are assets under finance leases with a cost of $2,882,000 (2013 - $2,640,000) and accumulated depreciation of $854,000 (2013 - $1,016,000).

7. Investment properties:

	Cost	Accumulated amortization	Carrying amount
December 31, 2014 and 2013	$ 570	$ -	$ 570

The fair value of the Company's investment properties at December 31, 2014 was $1,575,000 (2013 - $1,499,000). The Company uses a variety of valuation techniques and makes assumptions that are based on market conditions existing at each reporting period to determine fair value. The Company's investment properties are categorized as Level 3 within the fair value hierarchy. As such, the fair value was determined using valuation techniques incorporating discounted cash flows and expertise of an independent local real estate agent not related to the Company. The cash flows were discounted at a pre-tax rate of 5.75% over the remaining lease term and based on anticipated renewal terms. The independent real estate agent has professional qualifications and experience in the location and category of investment property being valued.

For the years ended December 31, 2014 and 2013, no impairment losses were recognized.

In 2014, income earned on investment properties was $90,000 (2013 - $88,000) with no direct expenses in 2014 (2013 - nil).

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

8. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2014	2013
Wages payable	$ 2,403	$ 1,989
Trade payables	2,217	2,638
Other accrued liabilities	1,871	1,659
Indirect tax payables	507	490
Income tax payable	189	528
Stock appreciation rights	164	56
	$ 7,351	$ 7,360

All current trade and accrued liabilities are interest-free and payable within 12 months.

9. Obligations under finance leases:

Total minimum lease payments are as follows:

	2014	2013
Not later than one year	$ 657	$ 557
Later than one year and not later than five years	1,405	1,121
Later than five years	21	5
	2,083	1,683
Interest (rates vary from 3% to 8%)	272	224
Present value of minimum finance lease payments	1,811	1,459
Current portion	572	493
Long-term portion	$ 1,239	$ 966

Lease obligations are secured directly by the leased assets.

Interest of $92,000 (2013 - $118,000) relating to capital lease obligations has been included in finance costs.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

10. Debt:

	Maturity dates	Interest rates	2014	2013
Fixed rate	2018	6.79%	$ 21,000	$ 22,500
	2019	5.97%	6,882	-
Variable rate	2018	Prime + 0.75%	14,324	10,298
	2018	BA + 2.00%	4,154	4,898
	2019	LIBOR + 2.50%	5,635	2,273
			51,995	39,969
Deferred financing costs			(224)	(195)
			51,771	39,774
Current portion			3,806	16,867
Non-current portion			$ 47,965	$ 22,907

As at December 31, 2014, debt consists of seven credit facilities, five of which have been drawn, as follows:

(a) Lending institutions credit facilities:

- $30,000,000 loan maturing on July 15, 2018, fixed interest at 6.79% per annum payable monthly. At December 31, 2014, the balance outstanding was $21,000,000;
- $15,000,000 loan maturing on May 31, 2018, interest at Prime rate plus 0.75% per annum payable monthly. At December 31, 2014, the balance outstanding was $14,324,000;
- $4,712,000 loan maturing on May 31, 2018, interest at the 30-day Canadian Bankers Acceptance rate plus 2.00% per annum, payable monthly. At December 31, 2014, the balance outstanding was $4,154,000. The credit facility was used to finance capital expenditures related to specific capital projects in three of the Company's recreation facilities. The prior year comparative for this facility has been reclassified to the current portion of debt to more appropriately reflect its maturity date as at December 31, 2013;
- $5,433,000 (US$4,973,000) loan maturing on August 1, 2019, interest at LIBOR plus 2.5% per annum payable monthly. At December 31, 2014, the balance outstanding was $5,635,000 (US$4,862,000). This loan is denominated in U.S. currency;
- $1,745,000 demand revolving loan maturing on May 31, 2018, interest at Prime rate plus 0.75% per annum. No amounts have been drawn on this loan to date; and
- $5,000,000 committed revolving acquisition loan maturing on May 31, 2018, interest at Prime rate plus 0.75% per annum. No amounts have been drawn on this loan to date.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

10. Debt (continued):

(a) Lending institutions credit facilities (continued):

These credit facilities are secured by first mortgages, demand debentures, general security agreements, general assignments of book debts, assignments of rents and insurance, and specific pledging of title to, and interest in the respective land and buildings.

Amortization of deferred financing costs related to these facilities totaling $100,000 (2013 - $63,000) was recorded in finance costs.

(b) Vendor-take-back mortgage:

On September 2, 2014, the Company exercised its option to purchase a three-pad recreation facility in Indiana. This was partially financed by a U.S. denominated vendor-take-back mortgage of $6,556,000 (US$6,000,000). The mortgage matures on September 1, 2019 with a fixed interest rate at 5.97% per annum, payable monthly. At December 31, 2014, the balance outstanding was $6,882,000 (US$5,938,000).

The vendor-take-back mortgage is secured by specific pledging of title to, and interest in the respective land and building.

11. Share capital:

The common shares of the Company are listed on the Toronto Stock Exchange.

	Number of shares	Amount
(a) Authorized: 500,000,000 common shares of no par value		
(b) Issued and outstanding: December 31, 2014 and 2013	13,337,448	$ 63,109

On November 12, 2014, the Company declared a quarterly dividend of $0.02 per share which was paid on January 15, 2015. In addition, the Company paid quarterly dividends of $0.02 per share on each of April 17, July 15, and October 15, 2014.

For the year ended December 31, 2014, the Company declared and paid dividends in the amount of $1,067,000 (2013 - $1,067,000).

12. Stock-based compensation:

In 2005, the Company established a Stock Appreciation Rights plan (the SARs Plan) granted by the Company's Board of Directors subject to terms and conditions of the Canlan Ice Sports Corp. Director and Employee Stock Appreciation Rights Plan (2006). The SARs Plan provides eligible directors and employees of the Company with the right to receive cash equal to the appreciation of the Company's common shares subsequent to the date of grant.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

12. Stock-based compensation (continued):

The table below summarizes the change in the number of SARs:

	Number of SARs	Weighted average exercise price
Number of SARs outstanding, December 31, 2012	708,025	$ 1.81
Granted	650,250	2.30
Exercised	(580,025)	1.84
Number of SARS outstanding, December 31, 2013	778,250	2.20
Granted	140,000	2.69
Exercised	(233,415)	1.97
Forfeited	(35,000)	2.30
Balance, December 31, 2014	649,835	$ 2.38
Exercisable, December 31, 2013	97,000	$ 1.68
Exercisable, December 31, 2014	99,665	$ 2.30

The following table summarizes information about the stock appreciation rights outstanding at December 31, 2014:

	Rights outstanding			Rights exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 2.30	509,835	23 months	$ 2.30	99,665	$ 2.30
$ 2.60	35,000	28 months	$ 2.60	-	$ 2.60
$ 2.51	70,000	30 months	$ 2.51	-	$ 2.51
$ 3.14	35,000	35 months	$ 3.14	-	$ 3.14

During the year ended December 31, 2014, the Company recognized compensation expense of $315,000 (2013 - recovery of $68,000) in respect of the SARs Plan. This amount was calculated in accordance with the fair value method of accounting. At December 31, 2014, the SARs liability included within accounts payable and accrued liabilities was $164,000 (2013 - $56,000). Subsequent to December 31, 2014, 56,100 SARs were exercised.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

12. Stock-based compensation (continued):

The fair value of SARs was estimated using the Black-Scholes pricing model with the following assumptions:

	2014	2013
Risk free interest rate	1.21%	1.62%
Expected dividend yield	2.57%	3.70%
Expected lives of rights	23 to 35 months	4 to 35 months
Expected volatility	25% - 27%	25% - 28%

Risk free interest rate is the Government of Canada long-term bond rate. Expected dividend yield assumes a continuation of the most recent dividend payment for the quarterly dividends. Expected lives of rights are based on historical experience of rights being exercised. Expected volatility is based on the historical share price volatility over the past 23 months to 35 months.

13. General and administration expenses:

General and administration expenses consist of the following:

	2014	2013
Salaries, wages and benefits	$ 3,339	$ 3,331
Professional and regulatory fees	324	325
Stock appreciation rights	315	(68)
Office	286	287
Travel	167	216
Other	128	143
	$ 4,559	$ 4,234

14. Commitments and contingencies:

(a) At December 31, 2014, the Company has lease agreements with third parties under the terms of which the Company leases and operates certain ice rink and recreational facilities. During the lease terms, the Company assumes the financial risks and rewards of the facilities' operations, but there will be no transfer of ownership. Accordingly, the lease agreements have been accounted for as operating leases. The total minimum lease payments are as follows:

Not later than one year	$ 1,156
Later than one year and not later than five years	4,688
Later than five years	9,853

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

14. Commitments and contingencies (continued):

(a) Continued:

The lease expenditure charged to net earnings during the year is presented as facility lease in the consolidated statement of earnings and comprehensive income.

Terms of facility operating leases are as follows:

(*i*) A two-pad facility in British Columbia with a lease term that ends on December 31, 2024.

(*ii*) A two-pad facility in Ontario with a lease term that ends on January 31, 2020.

(*iii*) On August 1, 2006, the Company purchased a six-pad rink facility in Toronto, Ontario. Upon purchase, the Company assumed a forty-nine year land lease agreement related to the land on which the facility is situated. The land lease agreement is with a third party and ends on October 30, 2044.

(i*v*) A multi-sport facility in Mississauga with a lease term that began on April 1, 2012 and will end on October 15, 2023, with two five-year renewal options.

(b) Due to the nature of the sports and recreation business, various lawsuits involving the Company are pending. The financial impact of these lawsuits is not determinable, but management believes, based on legal counsels' opinions, that the outcome will not materially affect the Company's financial position.

(c) At December 31, 2014, the Company has letters of guarantee outstanding with various vendors in the amount of $1,055,000.

15. Income taxes:

(a) The major factors which caused variations from the Company's expected combined federal and provincial income tax rate of 32% for 2014 (2013 - 32%) were as follows:

		2014		2013
Statutory rate applied to earnings before income taxes	$	575	$	541
Change in deferred tax assets not recognized		377		442
Substantively enacted tax rate change		(157)		(133)
Permanent differences and other		110		(257)
Income tax expense	$	905	$	593

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

15. Income taxes (continued):

(b) The tax effects of timing differences that give rise to deferred tax assets and liabilities are presented below.

	2014	2013
Deferred income tax assets:		
Unused tax losses	$ 35	$ 77
Deferred revenue	140	157
Properties	983	919
Other	150	81
	1,308	1,234
Deferred income tax liability:		
Properties	(939)	(737)
Financing fees	(25)	(40)
Other	(7)	-
	(971)	(777)
Net deferred income tax assets	$ 337	$ 457

The following deferred tax assets have not been recognized as at December 31, 2014 and December 31, 2013:

	2014	2013
U.S. tax losses set to expire between 2018 and 2034	$ 3,157	$ 2,774
Tax losses that do not expire	36	42
Deductible temporary differences	61	61
	$ 3,254	$ 2,877

16. Financial instruments:

(a) Fair value:

The Company has the following financial instruments: cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and debt. The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are considered by management to approximate their fair values due to their short-term nature.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

16. Financial instruments (continued):

(a) Fair value (continued):

Debt is categorized as Level 2 within the fair value hierarchy. The fair value of debt included in the statement of financial position is as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt	$ 51,771	$ 52,697	$ 39,774	$ 40,780

The Company had previously entered into an interest rate swap agreement to fix the interest rate on a portion of its debt (note 10), which matured during the year. At December 31, 2013, the fair value of the interest rate swap was $19,000 and was presented as a current liability on the statement of financial position. Changes in the fair value of the interest rate swap were recognized in net earnings. For the year ended December 31, 2014, a gain of $19,000 (2013 - $19,000) was recognized.

The interest rate swap was classified as Level 2 in the fair value hierarchy.

(b) Financial risk management:

(*i*) Interest rate risk:

The terms of the Company's outstanding debt are described in note 10. As certain of the Company's debt instruments bear interest at floating rates and are not hedged by interest rate swaps, fluctuations in these rates will impact the cost of financing incurred in future periods. A change in the base market rates upon which these loans accrue interest by 1% will increase or decrease interest expense by approximately $241,000 (2013 - $104,000) per annum.

(*ii*) Liquidity risk:

Liquidity risk is the risk from the Company's potential inability to meet its financial obligations. The Company constantly monitors its cash flows and operations to ensure current and long-term obligations can be met. The Company's capital resources are comprised of cash and cash equivalents and cash flow from operating activities. A portion of the cash and cash equivalents at December 31, 2014 consists of customer deposits received in advance of the services being provided.

16. Financial instruments (continued):

(b) Financial risk management (continued):

(*iii*) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. Effective monitoring of accounts receivable is a core control procedure of the Company and appropriate provisions are recorded for impaired accounts. Historically, the Company has not experienced significant losses related to trade accounts receivable from individual customers. The Company does not face any material concentrations of credit risk. The Company's credit risk on cash and cash equivalents is limited as it maintains its holdings with large highly rated financial institutions.

(*iv*) Currency risk:

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Company, the Canadian dollar. The currency in which these transactions primarily are denominated in is the U.S. dollar. At December 31, 2014, the Company has US$10,800,000 debt repayable in U.S. currency (note 10). The Company is exposed to the risk of loss depending on the relative movement of this currency against the Canadian dollar. The Company does not currently enter into forward contracts to mitigate this risk. As at December 31, 2014, if the Canadian dollar had strengthened or weakened by 5% in relation to the U.S. dollar, with all other factors remaining constant, the debt repayable in U.S. currency could have decreased or increased by approximately $626,000 (2013 - $114,000), respectively.

17. Capital risk management:

The Company defines capital that it manages as the sum of cash and cash equivalents, long-term borrowings, and shareholders' equity.

The Company's objectives when managing its capital are:

(a) To safeguard the Company's ability to continue as a going concern so that it can provide services to its customers and continue to reduce debt;

(b) To comply with debt covenants;

(c) To return excess cash to shareholders through payment of dividends; and

(d) To maintain a financial position suitable for supporting the Company's growth strategies and provide an adequate return to shareholders.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

17. Capital risk management (continued):

The Company executes a planning and budgeting process to determine the funds required to ensure the Company has appropriate liquidity to meets its operating and growth objectives. The Company ensures that there are sufficient credit facilities to meet its current and future business requirements, taking into account its anticipated cash flows from operations and its holding of cash and cash equivalents. The Company complies with covenant criteria established by its lenders. These include tangible net worth and debt coverage ratio measurements. As at December 31, 2014 and 2013, the Company was in compliance with these covenants. The Company is not subject to any statutory capital requirements, and has not made any changes with respect to its overall capital management strategy during the years ended December 31, 2014 and 2013.

18. Related party transactions:

(a) During the year, the Company expensed $149,000 (2013 - $162,000) in directors' fees.

(b) The Chairman of the Board of Directors of the Company is a Director, and a Director of the Company is the Chairman of the Board of Directors, of a vendor from which the Company purchases services in the normal course of business. Purchases from this vendor for the year ended December 31, 2014 were $69,000 (2013 - $56,000).

(c) The Company's majority shareholder is Bartrac Investments Ltd. ("Bartrac"). Two of the Company's Directors are also Directors of Bartrac. During the year ended December 31, 2014 and 2013, there were no related party transactions between the Company and Bartrac.

(d) The Company's key management personnel include the Directors of the Company, executive officers and certain members of the senior management group. Key management personnel compensation comprised the following:

	2014	2013
Short-term employee benefits	$ 1,652	$ 1,700
Stock appreciation rights	315	(68)
Post employment benefits	85	70
	$ 2,052	$ 1,702

(e) Directors and executive officers participate in the Company's stock appreciation rights program (note 12). During the year ended December 31, 2014, the Company paid $206,000 (2013 - $484,000) related to stock appreciation rights exercised.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

19. Segmented information:

The Company's operations consist of full service ice rink and recreational facilities, primarily in Canada, which constitute a single operating segment.

(a) Ice rink and recreational facilities revenue:

	2014	2013
Ice and field sales	$ 56,689	$ 54,611
Food and beverage	11,616	11,050
Sports store	2,179	2,062
Tournament operations	2,279	2,176
Sponsorship	1,276	1,221
Space rental	767	768
Management and consulting fees	201	180
Other	725	723
	$ 75,732	$ 72,791

There is no single customer who accounts for 10% or more of the Company's revenue.

(b) Geographic:

	2014			2013		
	Canada	USA	Total	Canada	USA	Total
Revenue	$ 70,150	$ 5,582	$ 75,732	$ 67,939	$ 4,852	$ 72,791
Non-current assets	85,270	14,668	99,938	86,889	4,743	91,632
Total assets	101,297	16,725	118,022	99,119	6,442	105,561

20. Supplemental cash flow information:

	2014	2013
(a) Net changes in non-cash working capital:		
Accounts receivable	$ (448)	$ (513)
Inventory	58	(20)
Prepaid expenses	(311)	87
Accounts payable and accrued liabilities	(9)	446
Deferred revenue and customer deposits	117	(132)
Effect of change in foreign currency	(142)	(107)
	$ (735)	$ (239)
(b) Non-cash transactions:		
Finance lease obligations	$ 949	$ 897

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

21. Expenses by function:

The Company's consolidated statement of earnings and comprehensive income presents expenses on a mixed basis. IFRS requires a Company to present expenses according to its nature or function. The following information has been provided to disclose the Company's expenses by function:

	2014	2013
Ice rink and recreational facilities expense	$ 66,049	$ 64,218
General and administrative expenses	$ 4,731	$ 4,418
Other expenses	$ 619	$ 95

The changes in the above table, as compared to the consolidated statement of earnings and comprehensive income, relate to depreciation of $6,132,000 (2013 - $5,633,000) being allocated from other expenses to ice rink and recreational facilities in the amount of $5,960,000 (2013 - $5,449,000), and to general and administrative expenses in the amount of $172,000 (2013 - $184,000).

22. Subsequent event:

On January 30, 2015, the Company completed the purchase of a recreation facility in Lake Barrington, Illinois for $7,121,000 (US$5,600,000). The purchase was financed with a new U.S. denominated term loan of $2,797,000 (US$2,200,000) and surplus cash. The loan matures on February 1, 2020 and accrues interest at LIBOR plus 2.5% per annum, payable monthly. This credit facility is secured by a first mortgage on the respective land and building.