

**Committee of Management for
the Forest Hill Memorial Arena
Financial Statements**

December 31, 2006

Grant Thornton 

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Auditor's Report

To the Council of the Corporation of the
**City of Toronto and the Committee of Management for
the Forest Hill Memorial Arena**

We have audited the balance sheet of the **Committee of Management for the Forest Hill Memorial Arena** as at December 31, 2006 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Arena's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards, those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Forest Hill Memorial Arena as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Toronto, Canada
March 14, 2007

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

**Committee of Management for
the Forest Hill Memorial Arena**
Statement of Revenue and Expenditure

Year Ended December 31 2006 2005

Revenue

Ice rentals	\$ 685,343	\$ 756,549
Snack bar and vending machine operations (Page 8)	56,067	53,350
Pro shop operations (Page 9)	35,151	27,723
Interest	130	380
Other	<u>35,145</u>	<u>6,671</u>
	<u>811,836</u>	<u>844,673</u>

Expenditure

Salaries and wages	407,053	381,603
Employee benefits	93,472	82,464
Utilities	141,955	152,751
Maintenance and repairs	107,903	167,969
General administration	31,323	32,834
Insurance	8,964	8,150
Professional fees	3,822	3,178
Furniture and equipment	6,862	-
Amortization	-	2,021
	<u>801,354</u>	<u>830,970</u>

Operating surplus payable to City of Toronto	10,482	13,703
Vehicle and equipment reserve contribution (Note 6)	<u>9,355</u>	<u>9,355</u>
Surplus payable to the City of Toronto	\$ <u>1,127</u>	\$ <u>4,348</u>

See accompanying notes to the financial statements.

**Committee of Management for
the Forest Hill Memorial Arena
Statement of Cash Flows**

Year Ended December 31	2006	2005
Increase (decrease) in cash and short term deposits		
Operating activities		
Surplus payable to receivable from City of Toronto	\$ 1,127	\$ 4,348
Amortization of furniture and equipment	-	2,021
Increase (decrease) resulting from changes in:		
Receivables - City of Toronto	-	1,580
- Ice rentals and other	(5,743)	(3,210)
Inventories	(8,591)	8,976
Purchase of capital assets	-	(15,271)
Payables and accruals - City of Toronto	9,143	(42,761)
- Other	(37,361)	57,144
Deferred revenue	<u>6,738</u>	<u>5,537</u>
	<u>(34,687)</u>	<u>18,364</u>
Financing activity		
Payment of prior year's operating surplus	<u>(2,869)</u>	-
Net (decrease) increase in cash and short term deposits	(37,556)	18,364
Cash and short term deposits, beginning of year	<u>69,780</u>	<u>51,416</u>
Cash and short term deposits, end of year	<u>\$ 32,224</u>	<u>\$ 69,780</u>

See accompanying notes to the financial statements.

Committee of Management for the Forest Hill Memorial Arena

Notes to the Financial Statements

December 31, 2006

1. Establishment and operations

The Forest Hill Memorial Arena was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25 of the City of Toronto Municipal Code, By-Law No. 361-70 of the former Village of Forest Hill, as amended. The Committee of Management operates and manages the Arena on behalf of the City of Toronto.

Under the By-Law, the Committee of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Committee over and above that necessary to pay all the charges, costs and expenses resulting from or incidental to the management and control of the premises.

The Committee retains a working cash advance provided by the City, for the management and control of the premises, to be returned to the City upon the Committee's ceasing to function for any reason.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, for local governments as prescribed by the Public Sector Accounting Board. Significant accounting policies include the following:

Revenue recognition

Revenues and expenditures are recorded on an accrual basis.

Inventories

Inventories held for resale are valued at cost.

Furniture and equipment

The cost of furniture and equipment is charged to operations in the year of acquisition.

Committee of Management for the Forest Hill Memorial Arena

Notes to the Financial Statements

December 31, 2006

2. Summary of significant accounting policies (continued)

Other

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not recorded in these financial statements.

Ice rentals paid in advance are recorded as deferred revenue.

Services provided without charge by the City are not recorded in these financial statements.

Investment in capital assets

Investments in capital assets represents the cost of capital assets purchased less accumulated depreciation thereon.

3. Capital assets			<u>2006</u>	<u>2005</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -	\$ <u>17,697</u>

4. Accrued liabilities owing to the City of Toronto			<u>2006</u>	<u>2005</u>
The amount due to the City of Toronto consists of the following:				
Light and power			\$ <u>25,852</u>	\$ <u>16,709</u>

5. Operating surplus due to the City of Toronto			<u>2006</u>	<u>2005</u>
The amount due to the City of Toronto consists of the following:				
Balance, beginning of year			\$ 2,375	\$ 11,771
Current year's operating surplus			1,127	4,348
Furniture and equipment purchased during the year			-	(13,744)
Paid during the current year			<u>(2,375)</u>	<u> </u> -
Balance due, end of year			\$ <u>1,127</u>	\$ <u>2,375</u>

Committee of Management for the Forest Hill Memorial Arena

Notes to the Financial Statements

December 31, 2006

6. Vehicle and equipment replacement reserve

This reserve represents contributions made to the City for the financing of replacement ice resurfacer machines required by the Arena Boards for the next five years commencing in 2005. The set amount is \$9,355.

7. Employee-related liabilities

The Committee provides pension and other benefits to its employees including health, dental, life insurance and long term disability benefits.

The Committee participates in the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employed plan, on behalf of its full time employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The employer contributions totalled \$19,293 in 2006.

**Committee of Management for
the Forest Hill Memorial Arena**

Schedule of Snack Bar and Vending Machine Operations

Year Ended December 31

2006

2005

Sales

Snack bar	\$ 100,505	\$ 95,514
Vending machine	<u>4,073</u>	<u>5,120</u>

104,578

100,634

Cost of goods sold

48,511

47,284

Gross profit

\$ 56,067

\$ 53,350

**Committee of Management for
the Forest Hill Memorial Arena
Schedule of Pro Shop Operations**

Year Ended December 31 2006 2005

Sales			
Pro shop	\$	67,614	\$ 65,552
Cost of goods sold		<u>32,463</u>	<u>37,829</u>
Gross profit	\$	<u>35,151</u>	\$ <u>27,723</u>