

**Board of Management for the
Leaside Memorial Community Gardens
Financial Statements
December 31, 2006**

Grant Thornton 

TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

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Auditor's Report

To the Council of the Corporation of the
City of Toronto and the Board of Management for the
Leaside Memorial Community Gardens

We have audited the balance sheet of the **Board of Management for the Leaside Memorial Community Gardens** as at December 31, 2006 and the statements of revenue and expenditure, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of Leaside'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 Board of Management for the **Leaside Memorial Community Gardens** 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
April 4, 2007

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Board of Management for the Leaside Memorial Community Gardens Statement of Revenue and Expenditure

Year Ended December 31	2006	2005
Revenue		
Arena	\$ 435,505	\$ 263,942
Pool	169,811	183,192
Banquet/Meeting Room	93,709	76,009
Snack Bar	51,559	37,457
Vending	9,629	6,121
Miscellaneous	13,994	15,228
Parking	<u>3,681</u>	<u>5,258</u>
	<u>777,888</u>	<u>587,207</u>
Expenditure		
Arena	309,900	242,694
Pool	95,855	112,127
Banquet/Meeting Room	49,546	54,875
Snack Bar	43,202	33,360
Vending	4,617	4,746
Allocations	<u>294,566</u>	<u>281,634</u>
	<u>797,686</u>	<u>729,436</u>
Deficiency of revenue over expenditure before the following (142,229)	(19,798)	
Vehicle and equipment reserve contribution (Note 9)	9,355	9,355
Debt repayment- 2005 principal	<u>22,978</u>	<u>21,989</u>
Net deficiency (173,573)	\$ <u>(52,131)</u>	\$ _____

See accompanying notes to the financial statements.

Board of Management for the Leaside Memorial Community Gardens Balance Sheet

December 31

2006

2005

Assets

Current

Cash and short term deposits	\$ 535,220	\$ 92,146
Receivables	52,504	76,987
Inventories	3,836	3,581
Operating deficit due from the City of Toronto (Note 3)	47,058	129,570
Amount to be recovered - City of Toronto (Note 4)	<u>100,574</u>	<u>144,594</u>
	739,192	446,878

Other

Amounts to be recovered - City of Toronto (Note 4)	<u>188,217</u>	<u>158,921</u>
	<u>\$ 927,409</u>	<u>\$ 605,799</u>

Liabilities

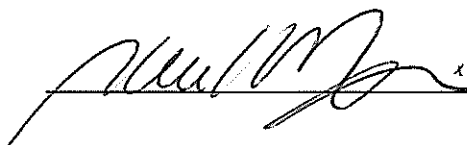
Current

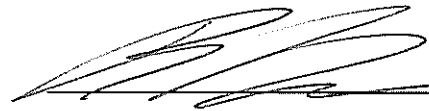
Payables and accruals		
City of Toronto	\$ 645,163	\$ 330,662
Other	81,983	72,242
Deposits	12,609	4,100
Current portion of long term debt (Note 5)	<u>12,807</u>	<u>21,316</u>
	752,562	428,320

Long term

Long term debt (Note 5)	3,278	16,085
Unamortized actuarial gain (Note 6)	44,270	48,294
Employee benefits payable (Note 6)	<u>127,299</u>	<u>113,100</u>
	<u>\$ 927,409</u>	<u>\$ 605,799</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

Board of Management for the Leaside Memorial Community Gardens Statement of Cash Flows

Year Ended December 31

2006

2005

Increase (decrease) in cash and short term investments

Operating activities		
Net deficiency	\$ <u>(52,131)</u>	\$ <u>(173,573)</u>
Increase (decrease) resulting from changes in:		
Receivables	24,483	(7,578)
Inventories	(255)	475
Operating deficit due from the City of Toronto	134,643	315,187
Payables and accruals - City of Toronto	314,501	(535,399)
- Other	9,741	13,388
Deposits	8,509	1,686
Current portion of long term debt	(8,509)	(1,662)
Amounts to be recovered - City of Toronto	14,724	15,032
Employee benefits payable	14,199	10,874
Unamortized actuarial gain	(4,024)	(4,024)
Long term debt	<u>(12,807)</u>	<u>(164,920)</u>
	<u>495,205</u>	<u>(356,941)</u>
Net increase (decrease) in cash and short term investments	443,074	(530,514)
Cash and short term investments, beginning of year	<u>92,146</u>	<u>622,660</u>
Cash and short term investments, end of year	\$ <u>535,220</u>	\$ <u>92,146</u>

See accompanying notes to the financial statements.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2006

1. Establishment and operations

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

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

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Revenue recognition

Revenues and expenditures are recorded on an accrual basis.

Inventories

Inventories held for resale are valued at cost.

Employee related costs

The Centre's contributions to a multi-employer, defined benefit pension plan, and health care costs are expensed when contributions are made. The costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.

For post-retirement benefits, the obligation is recorded as a long term employee benefits liability and represents costs, which will be funded by the City of Toronto as benefits are paid.

Sick leave benefit

The sick leave benefit is calculated at the salary levels in effect at the end of the year for all vested sick pay credits accruing to employees.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2006

2. Significant accounting policies (continued)

Deposits

Ice rentals and rental deposits for the auditorium paid in advance are recorded as deposits.

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the year. Liabilities established for employee benefits and related costs charged to the statement of operation depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the Centre's best information and judgement and may change significantly with the next detailed valuation.

Contributed material and services

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

3. Operating deficit due from the City of Toronto

The deficit receivable from the City of Toronto consists of the following:

	<u>2006</u>	<u>2005</u>
Current year's operating deficit	\$ 52,131	\$ 173,573
Deficit payment for current year	(92,760)	(90,968)
Prior years' operating deficit	129,570	271,184
Deficits to 2001 settled in 2003	-	(284,235)
2004 deficit adjusted as ice resurfacer expense understated	-	9,355
2004 and 2005 deficit settled	(41,883)	-
Surplus 2003 recovered	<u>-</u>	<u>50,661</u>
	<u>\$ 47,058</u>	<u>\$ 129,570</u>

While the funding for the current year deficit is subject to Council approval, this amount is recorded as receivable from the City of Toronto.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2006

4. Amounts to be recovered - City of Toronto	<u>2006</u>	<u>2005</u>
Capital outlay financed by long-term debt and to be recovered in future years	\$ 159,017	\$ 181,995
Employee benefits - post-retirement benefits	96,490	85,991
Actuarial adjustment	13,284	15,529
Expansion	<u>20,000</u>	<u>20,000</u>
	288,791	303,515
Less: Long term debt repaid in prior years	<u>100,574</u>	<u>144,594</u>
	\$ <u>188,217</u>	\$ <u>158,921</u>

Capital assets financed through funds provided by the City of Toronto are recorded as an expense in the statement of operations in the year of acquisition of the capital asset or when the capital project is completed. A corresponding amount is reported as funding to be received from the City of Toronto. A receivable from the City has also resulted from the accounting policies for post-retirement benefits described in Note 6 to these financial statements.

The amounts shown above will ultimately be received from the City when the post-retirement benefits are paid and when long term debt payments are expensed.

5. Long term debt	<u>2006</u>	<u>2005</u>
City of Toronto - loan payable	\$ 16,085	\$ 37,401
Less: Amount payable within one year	<u>12,807</u>	<u>21,316</u>
	\$ <u>3,278</u>	\$ <u>16,085</u>

At December 31, 2006, long term debt consists of \$16,085 (2005 - \$37,401) of future annual principal payments.

The loan bears interest at the prime rate as at January 1 of each year. A schedule of principal payments is as follows:

2007	\$ 12,807
2008	3,278

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2006

6. Employee benefits

Leaside participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits. Under the sick leave plan for administration staff, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave Leaside's employment. The actual liability for these accumulated days is \$79,928 and represents the extent to which they have vested and could be taken in cash by an employee on terminating. Leaside also provides health, dental, life insurance and long term disability benefits to employees. The same health, dental and life insurance benefits are provided to administration retirees until age 65 and reduced benefits thereafter.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as of December 31, 2002 and has been extrapolated to provide the accrued benefit obligation as of December 31, 2006. The actuarial valuation has resulted in an actuarial gain of \$48,294 which is being amortized on a straight-line basis over 15 years, being the expected average remaining service life of the employees.

Information about Leaside's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2006</u>	<u>2005</u>
Sick leave benefit plan	\$ 30,809	\$ 27,109
Post-retirement benefits	<u>96,490</u>	<u>85,991</u>
	127,299	113,100
Add: Unamortized actuarial gain	<u>44,270</u>	<u>48,294</u>
Employee benefit liability	\$ <u>171,569</u>	\$ <u>161,394</u>

The continuity of the accrued benefit obligation during 2006 is as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 161,394	\$ 154,544
Current service cost	8,825	8,465
Interest cost	7,259	6,518
Amortization of actuarial gain	(4,024)	(4,024)
Expected benefits paid	<u>(1,885)</u>	<u>(4,109)</u>
Balance, end of year	\$ <u>171,569</u>	\$ <u>161,394</u>

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2006

6. Employee benefits (continued)

Expenditures in 2006 relating to employee benefits are included as employee benefit expenses for administration on the Statement of Revenue and Expenditure and include the following components:

	<u>2006</u>	<u>2005</u>
Current service cost	\$ 8,825	\$ 8,465
Interest cost	7,259	6,518
Amortization of actuarial gain	<u>(4,024)</u>	<u>(4,024)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>12,060</u>	\$ <u>10,959</u>

A long term receivable has resulted from recording sick leave and post retirement benefits for administration staff benefit. Funding for these costs are provided by the City as benefit costs are paid and the City is responsible for the City approved administration staff benefit liabilities that may be incurred by Leaside.

In addition, the Board makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employed plan, on behalf of most of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

7. Interest and debt repayment - long term debt

Charges for interest on long term debt and debt repayment which are reported on the Statement of Revenue and Expenditures are \$1,683 (2005 - \$2,717).

8. Pool agreement with City of Toronto

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

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2006

8. Pool agreement with City of Toronto (continued)

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

As at December 31, 2006, \$169,811 (2005 - \$183,192) is receivable from the City of Toronto for rental fees owing to Leaside Memorial Community Gardens for the current year. This amount has been included in the balance sheet as a reduction to accounts payable and accrued liabilities - City of Toronto.

9. Vehicle and equipment replacement reserve

These contributions are for the financing of replacement ice resurfacer machines required by the Arena Boards in future years. The Board will contribute \$9,355 per year for the first five years for the Vehicle and Equipment reserve commencing in the year 2004.

10. Expansion Plans

The Arena has expansion plans of constructing a second pad of ice on property adjacent to Leaside Gardens owned by the Province of Ontario. There is a business plan where private lenders have proposed financing the entire project with the City's covenant. The City has yet to acquire the land first from the Province of Ontario in order for the Plan to proceed. Total cost of project is estimated at \$11 million.

11. Disruption of service

During 2005, the Arena underwent an extensive capital improvements project. This resulted in the Arena and associated facilities being closed from April 1 to November 8, 2005. The result of this disruption of service is significantly reduced revenue streams for 2005 and a corresponding increase in operating deficit in 2005. The Arena was at full operating capacity in 2006 and as a result revenue streams have increased in 2006.

12. Contingency

Two grievances have been made against the Arena which amounts at this time are not determinable. Management feels that these claims are not valid and as a result they are not reflected in these financial statements.

Board of Management for the Leaside Memorial Community Gardens Schedule of Arena Operations

Year Ended December 31

2006

2005

Revenue

Arena ice rental	\$ 423,715	\$ 257,081
Dasher board rental	9,055	4,495
Skate sharpening	<u>2,735</u>	<u>2,365</u>
	<u>435,505</u>	<u>263,941</u>

Expenditure

Wages	143,118	133,080
Equipment repairs and maintenance	9,553	4,404
Building repairs and maintenance	43,545	37,284
Ice resurfacers	7,842	10,614
Hydro	72,903	40,649
Gas	32,939	16,663
Allocated expenses		
Supervision	3,569	3,569
Office/management salaries	105,256	96,699
Office supplies	8,560	10,880
Telephone/fax	2,893	3,094
Advertising/promotion	-	283
Bank service charges	411	259
Travel expense	2,405	2,654
Employee benefits	56,546	54,191
Workers' Compensation	-	2,503
General supplies	2,304	1,793
Security	907	2,159
Professional fees	5,589	2,643
Weekend paging	2,029	2,260
Insurance	7,210	6,555
Uniforms	2,092	1,684
Professional upgrade	993	1,299
Interest	1,161	1,875
Sick time	<u>1,325</u>	<u>(73)</u>
	<u>513,150</u>	<u>437,021</u>

Deficit before the following	(77,645)	
Vehicle equipment reserve contributions (Note 9)	9,355	9,355
Debt repayment	<u>16,774</u>	<u>16,052</u>

Net deficit	\$ (103,774)	\$ _____
(198,487)		

Board of Management for the Leaside Memorial Community Gardens Schedule of Pool Operations

Year Ended December 31

2006

2005

Revenue		
Pool	\$ <u>169,811</u>	\$ <u>183,192</u>
Expenditure		
Wages	55,683	53,745
Building repairs and maintenance	14,234	10,486
Shop supplies	2,868	2,976
Hydro	15,621	20,141
Gas	7,449	24,779
Allocated expenses		
Supervision	1,190	1,190
Office/management salaries	35,085	32,233
Office supplies	2,854	3,627
Telephone/fax	965	1,031
Advertising/promotion	-	94
Bank service charges	137	87
Travel expense	802	885
Employee benefits	18,849	18,064
Workers' Compensation	-	835
General supplies	768	598
Security	303	720
Professional fees	1,863	881
Weekend paging	676	753
Insurance	2,403	2,185
Uniforms	697	561
Professional upgrade	331	433
Interest	387	625
Sick time	442	(24)
	<u>163,607</u>	<u>176,905</u>
Surplus before following	6,204	6,287
Debt repayment	<u>6,204</u>	<u>5,937</u>
Net surplus	\$ <u>-</u>	\$ <u>350</u>

**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Banquet/Meeting Room Operations**

Year Ended December 31

2006

2005

Revenue

Banquet/meeting room	\$ <u>93,709</u>	\$ <u>76,009</u>
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Expenditure

Food and bar purchases	(122)	436
Other purchases	1,660	9,458
Wages - full time	17,724	17,724
Wages - part time	6,312	5,551
Building repairs and maintenance	8,815	9,986
Hydro	6,814	5,878
Gas	58	551
Advertising and promotion	8,285	5,290
Allocated expenses		
Supervision	414	414
Office/management salaries	12,204	11,212
Office supplies	992	1,261
Telephone/fax	335	359
Advertising/promotion	-	33
Bank service charges	47	30
Travel expense	279	307
Employee benefits	6,555	6,283
Workers' Compensation	-	290
General supplies	267	208
Security	105	250
Professional fees	648	306
Weekend paging	235	262
Insurance	836	760
Uniforms	243	195
Professional upgrade	115	151
Interest	135	217
Sick time	154	(9)
	<u>73,110</u>	<u>77,403</u>

Net surplus (deficit)	\$ <u>20,599</u>	\$ <u>(1,394)</u>
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**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Snack Bar Operations**

Year Ended December 31

2006

2005

Revenue

Snack bar/snack vending

\$ 51,559

\$ 37,457

Expenditure

Snack bar/snack vending

28,948

20,414

Wages

14,254

12,946

43,202

33,360

Net surplus

\$ 8,357

\$ 4,097

**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Vending Operations**

Year Ended December 31 2006 2005

	2006	2005
Revenue		
Vending	\$ 9,629	\$ 6,121
Sign rental	4,058	3,032
Mediacom sign revenue	7,642	7,420
Parking lot revenue	3,681	5,258
Miscellaneous income	2,294	541
Interest income	-	4,235
	<u>27,304</u>	<u>26,607</u>
Expenditure		
Vending purchases	<u>4,617</u>	<u>4,746</u>
Net surplus	\$ <u>22,687</u>	\$ <u>21,861</u>