

**Committee of Management for the
McCormick Playground 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
McCormick Playground Arena**

We have audited the balance sheet of the **Committee of Management for the McCormick Playground 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 McCormick Playground 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 9, 2007

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Chartered Accountants

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Committee of Management for the McCormick Playground Arena Balance Sheet

December 31

2006

2005

Assets

Current

Cash and short term deposits	\$ 82,346	\$ 142,363
Receivables - City of Toronto	2,070	-
- Other	5,902	10,443
Inventories	<u>5,828</u>	<u>7,056</u>
	\$ <u>96,146</u>	\$ <u>159,862</u>

Liabilities

Current

Payables and accruals	\$ 16,163	\$ 20,544
City of Toronto (Note 3)	-	27,792
Surplus payable to City of Toronto (Note 4)	55,658	88,780
Deferred revenue	<u>14,325</u>	<u>12,746</u>
	<u>86,146</u>	<u>149,862</u>

Long term

City of Toronto - working capital advance	<u>10,000</u>	<u>10,000</u>
	\$ <u>96,146</u>	\$ <u>159,862</u>

Approved on behalf of the Committee of Management

_____ Chair

_____ Member

See accompanying notes to the financial statements.

**Committee of Management for the
McCormick Playground Arena
Statement of Revenue and Expenditure**

Year Ended December 31 2006 2005

Revenue

Ice rentals	\$ 506,236	\$ 516,378
Snack bar and vending machine operations (Page 7)	14,741	12,829
Pro shop operations (Page 8)	5,581	6,274
Interest	2,919	2,570
Other	<u>3,873</u>	<u>2,672</u>
	<u>533,350</u>	<u>540,723</u>

Expenditure

Salaries and wages	285,200	274,078
Employee benefits	67,636	59,809
Utilities	135,245	118,206
Maintenance and repairs	35,824	38,334
General administration and service	20,879	19,832
Insurance	8,964	8,150
Professional fees	<u>3,369</u>	<u>3,700</u>
	<u>557,117</u>	<u>522,109</u>

Operating (deficit) surplus (23,767) 18,614

Vehicle and equipment reserve contribution (Note 5) 9,355 9,355

**(Deficit) surplus for the year, (receivable) payable
(from) to the City of Toronto** \$ (33,122) \$ 9,259

See accompanying notes to the financial statements.

Committee of Management for the McCormick Playground Arena

Statement of Cash Flows

Year Ended December 31 2006 2005

Increase (decrease) in cash and short term deposits

Operating activities		
Net (deficit) surplus	\$ (33,122)	\$ 9,259
Increase (decrease) resulting from changes in:		
Receivables	2,471	18,202
Inventories	1,228	(1,348)
Payables and accruals - City of Toronto	(27,792)	(67,598)
- Other	(4,381)	(469)
Deferred revenue	<u>1,579</u>	<u>(33,758)</u>
	<u>(60,017)</u>	<u>(75,712)</u>
Financing activity		
Payment of prior years operating surplus	<u>-</u>	<u>(20,679)</u>
Net (decrease) in cash and short term deposits	(60,017)	(96,391)
Cash and short term deposits, beginning of year	<u>142,363</u>	<u>238,754</u>
Cash and short term deposits, end of year	\$ <u>82,346</u>	\$ <u>142,363</u>

See accompanying notes to the financial statements.

Committee of Management for the McCormick Playground Arena

Notes to the Financial Statements

December 31, 2006

1. Establishment and operations

The McCormick Playground Arena was established as a community recreation centre under By-law 391-71, Chapter 25 of the Community Recreation Centres Act and Section 207(58) of the Municipal Act. The Arena is operated under a Board of Management, which consists of 10 members, including 2 Council members.

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 government as prescribed by the Public Sector Accounting Board. Significant accounting policies include the following:

Sources of generally accepted accounting principles (GAAP)

- (a) Revenues and expenditures are recorded on an accrual basis.
- (b) Inventories held for resale are valued at cost.
- (c) Furniture and equipment - any acquisitions are recorded as expenditures in the year of acquisition.
- (d) Major capital expenditures are financed by the City of Toronto, which owns the facility. Major capital expenditures and services provided without charge by the City are not recorded in these financial statements.
- (e) Ice rentals paid in advance are recorded as deferred revenue.
- (f) Services provided without charge by the City are not recorded in these financial statements.

Committee of Management for the McCormick Playground Arena

Notes to the Financial Statements

December 31, 2006

3. Accrued liabilities owing to the City of Toronto 2006 2005

The amount due to the City of Toronto consists of the following:

Light and power	\$ <u> -</u>	\$ <u>27,792</u>
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4. Surplus payable to the City of Toronto 2006 2005

The surplus payable to City of Toronto consists of the following:

Surplus 2002	\$ -	\$ 20,679
Surplus 2003	1,548	1,548
Surplus 2004	38,190	38,190
Surplus 2005	9,259	9,259
Deficit 2006	<u>(33,122)</u>	<u>-</u>
	15,875	69,676
Hydro over-accrual	<u>39,783</u>	<u>39,783</u>
	55,658	109,459
Less:		
Repayment of surplus 2002	<u>-</u>	<u>(20,679)</u>
Balance, end of year	\$ <u>55,658</u>	\$ <u>88,780</u>

5. Vehicle and equipment replacement reserve

This reserve represents contributions made to the City of Toronto 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 2004.

**Committee of Management for the
McCormick Playground Arena**
Schedule of Snack Bar and Vending Machine Operations

Year Ended December 31 2006 2005

Sales		
Snack Bar	\$ 7,041	\$ 6,460
Vending machine	<u>27,245</u>	<u>27,589</u>
	34,286	34,049
Cost of goods sold	<u>16,949</u>	<u>18,747</u>
Gross profit	17,337	15,302
Direct expenses		
Wages	<u>2,596</u>	<u>2,473</u>
Net profit	\$ 14,741	\$ 12,829

**Committee of Management for the
McCormick Playground Arena
Schedule of Pro Shop Operations**

Year Ended December 31	2006	2005
Sales	\$ 8,748	\$ 8,471
Cost of goods sold	<u>3,168</u>	<u>2,197</u>
Gross profit	\$ <u>5,581</u>	\$ <u>6,274</u>