

**Committee of Management for the
North Toronto Memorial Arena
Financial Statements
December 31, 2006**

Grant Thornton 

TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

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Auditors' Report

To the Council of the Corporation of the
City of Toronto and the Committee of Management for the
North Toronto Memorial Arena

We have audited the balance sheet of the **Committee of Management for the North Toronto Memorial Arena** as at December 31, 2006 and the statements of revenue and operations 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 Committee of Management for the North Toronto 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
April 11, 2007

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Committee of Management for the North Toronto Memorial Arena Statement of Operations

Year Ended December 31

2006

2005

Revenue

Ice rentals	\$ 409,446	\$ 397,573
City of Toronto - recovery of expenses (Note 4)	45,000	45,000
Gate receipts	43,644	43,780
Snack bar and vending machine operations (Schedule 1)	45,938	45,559
Pro shop operations (Schedule 2)	15,653	16,424
Arena floor rentals	5,739	6,858
Banquet room rentals	19,806	19,127
Advertising	5,000	3,000
Other	9,356	7,934
	<u>599,582</u>	<u>585,255</u>

Expenditures

Salaries and wages	313,687	304,281
Employee benefits	78,619	73,763
Utilities	121,970	120,479
Maintenance and repairs	44,569	41,389
General administration	27,500	33,168
Professional fees	3,850	3,850
Insurance	8,964	8,150
Furniture and equipment	3,381	10,565
	<u>602,540</u>	<u>595,645</u>

Operating deficit receivable from the City of Toronto	(2,958)	(10,390)
Vehicle and equipment reserve contributions (Note 5)	<u>9,355</u>	<u>9,355</u>
Excess of expenditures over revenue	\$ <u>(12,313)</u>	\$ <u>(19,745)</u>

See accompanying notes to the financial statements.

**Committee of Management for the
North Toronto Memorial Arena
Balance Sheet**

December 31 2006 2005

Assets

Current

Cash	\$ 2,513	\$ 14,096
Receivables	76,528	65,964
Inventories	72,525	74,667
Operating deficit receivable from City of Toronto (Note 3)	<u>12,313</u>	<u>12,458</u>
	\$ <u>163,879</u>	\$ <u>167,185</u>

Liabilities

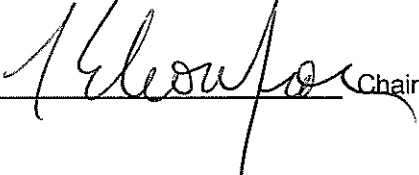
Current

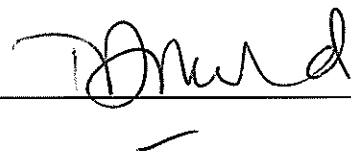
Payables and accruals - City of Toronto	\$ 23,634	\$ 71,198
- Other	114,896	67,122
Deferred revenue	<u>10,349</u>	<u>13,865</u>
	148,879	152,185

Long term

City of Toronto - working cash advance (Note 1)	<u>15,000</u>	<u>15,000</u>
	\$ <u>163,879</u>	\$ <u>167,185</u>

Approved on behalf of the Committee of Management


_____ chair


_____ Member

See accompanying notes to the financial statements.

**Committee of Management for the
North Toronto Memorial Arena
Statement of Cash Flows**

Year Ended December 31 2006 2005

(Decrease) in cash and short term deposits

Operating activities		
Excess of expenditures over revenue	\$ (12,313)	\$ (19,745)
Receipts (payments) - City of Toronto	3,103	(3,088)
Zamboni contribution for the year by City of Toronto	<u>9,355</u>	<u>-</u>
	<u>145</u>	<u>(22,833)</u>
Change in operating working capital		
Receivables	(10,564)	3,484
Inventories	2,142	(3,220)
Accounts payable and accrued liabilities		
City of Toronto	(47,564)	12,278
Other	47,774	(22,787)
Deferred revenue	<u>(3,516)</u>	<u>8,316</u>
	<u>(11,728)</u>	<u>(1,929)</u>
Net decrease in cash	(11,583)	(24,762)
Cash, beginning of year	<u>14,096</u>	<u>38,858</u>
Cash, end of year	\$ <u>2,513</u>	\$ <u>14,096</u>

See accompanying notes to the financial statements.

Committee of Management for the North Toronto Memorial Arena

Notes to the Financial Statements

December 31, 2006

1. Establishment and operations

The North Toronto 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. 1995 - 0448, as amended. The Arena is located at 174 Orchardview Boulevard. 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.

2. 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 included the following:

Revenue recognition

Revenues and expenditures are recorded on an accrual basis.

Inventories

Inventories are valued at cost.

Furniture and equipment

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

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, hockey schools and camp fees paid in advance are recorded as deposits.

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

Committee of Management for the North Toronto Memorial Arena Notes to the Financial Statements

December 31, 2006

3. Operating surplus (deficit) (receivable) from the City of Toronto

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

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ (12,458)	\$ 10,375
Current year's operating deficit	(12,313)	(19,745)
Receipts (payments)	3,103	(3,088)
Zamboni contribution for the year	<u>9,355</u>	<u>-</u>
Balance, end of year	\$ <u>(12,313)</u>	\$ <u>(12,458)</u>

4. City of Toronto - recovery of expenses

Under an arrangement with the City of Toronto, the Committee services an artificial outdoor rink located adjacent to the Arena. The Committee is reimbursed \$45,000 by the City for expenditures incurred in servicing this rink, based upon a budgetary provision, which may not be exceeded without prior approval from the City.

5. Vehicle and equipment replacement reserve

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

**Committee of Management for the
North Toronto Memorial Arena
Schedule 1 - Snack Bar and Vending Machine Operations**

Year Ended December 31

2006

2005

Sales

Snack bar and vending machine

\$ 124,274

\$ 120,621

Less: Cost of goods sold

50,084

47,084

74,190

73,537

Direct expenses

Wages

27,773

27,737

Maintenance

479

241

28,252

27,978

\$ 45,938

\$ 45,559

**Committee of Management for the
North Toronto Memorial Arena
Schedule 2 - Pro Shop Operations**

Year Ended December 31

2006

2005

Sales

Pro shop	\$ 54,077	\$ 50,770
Less: Cost of goods sold	<u>33,006</u>	<u>30,192</u>
	<u>21,071</u>	<u>20,578</u>

Direct expenses

Wages	3,838	3,525
Equipment maintenance	<u>1,580</u>	<u>629</u>
	<u>5,418</u>	<u>4,154</u>
	\$ <u>15,653</u>	\$ <u>16,424</u>