

**Committee of Management for the
Ted Reeve Community Arena
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 Committee of Management for the
Ted Reeve Community Arena

We have audited the balance sheet of the **Committee of Management for the Ted Reeve Community 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 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.

Budget figures are provided for comparative purposes only and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Grant Thornton LLP

Toronto, Canada
April 30, 2007

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

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**Committee of Management for the
Ted Reeve Community Arena
Balance Sheet**

December 31 2006 2005

Assets

Current

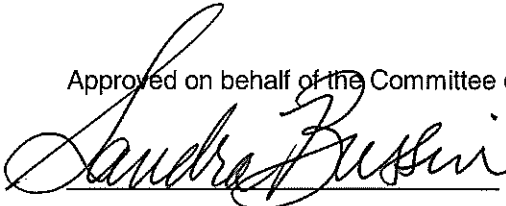
Cash	\$ 158,281	\$ 42,139
Receivables	56,962	87,335
Inventories	<u>5,141</u>	<u>7,041</u>
	\$ <u>220,384</u>	\$ <u>136,515</u>

Liabilities

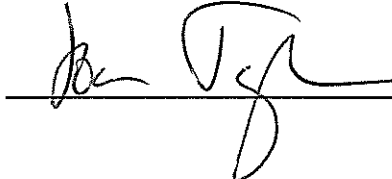
Current

Payables and accruals		
- City of Toronto (Note 3)	\$ 20,919	\$ 22,724
- Other	147,609	62,327
Deferred revenue (Note 4)	<u>36,856</u>	<u>36,464</u>
	205,384	121,515
Long term		
City of Toronto - working cash advance (Note 1)	<u>15,000</u>	<u>15,000</u>
	\$ <u>220,384</u>	\$ <u>136,515</u>

Approved on behalf of the Committee of Management



Chair



Treasurer

See accompanying notes to the financial statements.

**Committee of Management for the
Ted Reeve Community Arena
Statement of Revenue and Expenditure**

Year Ended December 31

2006

2005

	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u>
Revenue			
Ice rentals	\$ 418,500	\$ 458,738	\$ 444,981
Snack bar and vending machine operations (Schedule)	44,000	48,916	47,978
Lacrosse rentals	21,000	15,280	16,618
Contribution from City - reserve	-	9,355	9,355
Contribution from City - renovations	-	4,280	77,770
Other	<u>37,100</u>	<u>36,576</u>	<u>37,460</u>
	<u>520,600</u>	<u>573,145</u>	<u>634,162</u>
Expenditures			
Salaries and wages	262,500	245,098	241,755
Employee benefits	23,200	21,657	25,972
Utilities	123,800	101,054	99,871
Maintenance and repairs	71,300	124,317	132,472
Renovations	-	4,280	77,770
General administration	13,550	12,662	14,304
Insurance	8,150	8,964	8,150
Professional fees	6,300	5,878	9,603
Furniture and equipment	<u>2,500</u>	<u>29,878</u>	<u>12,077</u>
	<u>511,300</u>	<u>553,788</u>	<u>621,974</u>
Operating surplus payable for year before contribution to reserve	9,300	19,357	12,188
Contribution to vehicle and equipment reserve	<u>9,300</u>	<u>9,355</u>	<u>9,355</u>
Operating surplus payable to City of Toronto (Note 3)	\$ -	\$ <u>10,002</u>	\$ <u>2,833</u>

See accompanying notes to the financial statements.

**Committee of Management for the
Ted Reeve Community Arena
Statement of Cash Flows**

Year Ended December 31 2006 2005

Increase (decrease) in cash

Operating activities		
Operating surplus payable to City of Toronto	\$ 10,002	\$ 2,833
Increase (decrease) resulting from changes in:		
Payable to City of Toronto	(11,807)	(43,857)
Receivables - other	30,373	(24,063)
Inventories	1,900	(594)
Payable and accruals - other	85,282	9,895
Deferred revenue	<u>392</u>	<u>21,504</u>
Net decrease in cash	116,142	(34,282)
Cash, beginning of year	<u>42,139</u>	<u>76,421</u>
Cash, end of year	\$ <u>158,281</u>	\$ <u>42,139</u>

See accompanying notes to the financial statements.

Committee of Management for the Ted Reeve Community Arena Notes to the Financial Statements

December 31, 2006

1. Establishment and operations

Ted Reeve Community 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. 318-71, 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 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 Ted Reeve Community Arena

Notes to the Financial Statements

December 31, 2006

3. Payables to the City of Toronto

The net amount payable to the City of Toronto consist of the following:

	<u>2006</u>	<u>2005</u>
Hydro	\$ 10,917	\$ 19,505
Current year's excess of revenue over expenditure	10,002	2,833
Prior year's operating surplus	<u>-</u>	<u>386</u>
Net payable to the City	\$ <u>20,919</u>	\$ <u>22,724</u>

4. Deferred revenue

Deferred revenue consists of amounts received in advance for the follows:

	<u>2006</u>	<u>2005</u>
Advertising	\$ 3,000	\$ 4,500
Ice rentals	11,689	5,517
Donations	<u>22,167</u>	<u>26,447</u>
	\$ <u>36,856</u>	\$ <u>36,464</u>

5. 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 in future years. The Committee will contribute \$9,355 per year for the first five years for the vehicle and equipment reserve commencing in the current year.

6. Outdoor rink

In 2003, the City of Toronto in conjunction with the Committee signed an agreement with Sports Centre Design & Management to operate and manage a permanent outdoor ice rink. The Committee provides the services of certain management, administrative, maintenance and operation staff members. Monthly the Sports Centre is required to reimburse the Committee for utility costs and the wage and employee benefits costs for maintenance and operation staff members. In addition, the Sports Centre is also required to pay to the Committee \$24,000 (adjusted annually) for administration and the General Managers services.

**Committee of Management for the
Ted Reeve Community Arena
Schedule of Snack Bar and Vending Machine Operations**

Year Ended December 31

2006

2005

Sales

Snack bar	\$ 107,779	\$ 106,252
Vending machine	<u>19,485</u>	<u>22,303</u>
	127,264	128,555
Less: Cost of goods sold	<u>51,369</u>	<u>54,962</u>
Gross profit	75,895	73,593
Direct expenses		
Wages and benefits	<u>26,979</u>	<u>25,615</u>
Net profit	\$ <u>48,916</u>	\$ <u>47,978</u>