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RETURNED TO  
GRANT THORNTON

Financial Statements

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

December 31, 2007

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Grant Thornton

## Auditors' Report

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To the Council of the Corporation of the  
City of Toronto and the Committee of Management for  
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, 2007 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
March 27, 2008

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

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

December 31 2007 2006

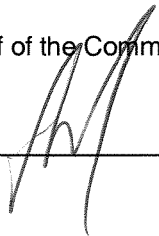
**Assets**

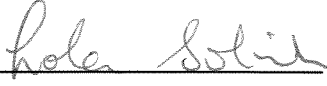
Current		
Cash	\$ 73,674	\$ 32,224
Receivables - Ice rentals and other	77,953	68,535
Inventories	<u>45,078</u>	<u>54,055</u>
	196,705	154,814
Long term		
Receivable - City of Toronto (Note 6)	<u>7,382</u>	-
	<u>\$ 204,087</u>	<u>\$ 154,814</u>

**Liabilities**

Current		
Payables and accruals - City of Toronto (Note 4)	\$ 23,609	\$ 25,852
- Other	132,649	78,793
Operating surplus due to the City of Toronto (Note 5)	3,591	1,127
Deferred revenue	<u>26,856</u>	<u>39,042</u>
	186,705	144,814
Long term		
Employee benefits payable (Note 6)	7,382	-
City of Toronto - working capital advance	<u>10,000</u>	<u>10,000</u>
	<u>\$ 204,087</u>	<u>\$ 154,814</u>

Approved on behalf of the Committee of Management


Chair


Member

See accompanying notes to the financial statements.

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

Year Ended December 31

2007

2006

**Revenue**

Ice rentals	\$ 821,496	\$ 685,343
City of Toronto - funding for employee related costs	7,382	-
Snack bar and vending machine operations (Page 9)	56,484	56,067
Pro shop operations (Page 10)	34,291	35,151
Interest	178	130
Other	<u>18,065</u>	<u>35,145</u>
	<u>937,896</u>	<u>811,836</u>

**Expenditure**

Salaries and wages	428,952	407,053
Employee benefits	109,401	93,472
Utilities	171,557	141,955
Maintenance and repairs	144,605	107,903
General administration	24,055	31,323
Insurance	11,000	8,964
Professional fees	3,104	3,822
Furniture and equipment	<u>32,276</u>	<u>6,862</u>
	<u>924,950</u>	<u>801,354</u>

Operating surplus before reserve contribution	12,946	10,482
Vehicle and equipment reserve contribution (Note 7)	<u>9,355</u>	<u>9,355</u>
Surplus payable to the City of Toronto	<u>\$ 3,591</u>	<u>\$ 1,127</u>

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See accompanying notes to the financial statements.

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

Year Ended December 31 2007 2006

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Increase (decrease) in cash and short term deposits

**Operating activities**

Surplus payable to receivable from City of Toronto	\$ 3,591	\$ 1,127
Increase (decrease) resulting from changes in:		
Receivables - Ice rentals and other	(9,418)	(5,743)
Inventories	8,977	(8,591)
Payables and accruals - City of Toronto	(2,243)	9,143
- Other	53,856	(37,361)
Deferred revenue	<u>(12,186)</u>	<u>6,738</u>
	<u>42,577</u>	<u>(34,687)</u>

**Financing activity**

Payment of prior year's operating surplus	(1,127)	(2,869)
Net increase (decrease) in cash and short term deposits	41,450	(37,556)
Cash and short term deposits, beginning of year	<u>32,224</u>	<u>69,780</u>
Cash and short term deposits, end of year	<u>\$ 73,674</u>	<u>\$ 32,224</u>

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See accompanying notes to the financial statements.

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# Committee of Management for the Forest Hill Memorial Arena

## Notes to the Financial Statements

December 31, 2007

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### 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 of Management 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 of Management's ceasing to function for any reason.

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### 2. Change in accounting policy

The Canadian Institute of Chartered Accountants issued Handbook Section 3855, "Financial Instruments – Recognition and Measurement" the application of which is mandatory for these annual financial statements for the period commencing January 1, 2007.

The new standard requires Forest Hill Memorial Arena to classify all financial assets included on the balance sheet as either held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale categories. In addition, the standards require that all financial assets be measured at fair value with the exception of loans, receivables, and investments classified as held-to-maturity which are measured at amortized cost.

The gain or loss arising from a change in the fair value of a financial asset classified as held for trading is included in excess of revenues over expenditures in the period in which it arises. If the financial asset is classified as available for sale, the gain or loss is recognized in a separate account within the general fund balance until the financial asset is derecognized and the cumulative gains and losses are then recognized in excess of revenues over expenditures. On initial adoption of these accounting policies prior period comparative financial information would not be restated and the opening adjustment would be made to the opening general fund balance.

Similarly, the standard requires that all financial liabilities be measured at fair value on the balance sheet when they are held for trading. Other financial liabilities are measured at amortized cost.

The Arena has classified its cash, receivables and payables and accruals as held-for-trading. Upon adoption, as of January 1, 2007, there is no impact from this change in accounting policy.

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

December 31, 2007

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**3. 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.

**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.

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**4. Accrued liabilities owing to the City of Toronto** 2007 2006

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

Light and power	\$ <u>23,609</u>	\$ <u>25,852</u>
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**5. Operating surplus due to the City of Toronto** 2007 2006

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

Balance, beginning of year	\$ 1,127	\$ 2,375
Current year's operating surplus	3,591	1,127
Paid during the current year	<u>(1,127)</u>	<u>(2,375)</u>
Balance due, end of year	<u>\$ 3,591</u>	<u>\$ 1,127</u>



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## Committee of Management for the Forest Hill Memorial Arena

### Notes to the Financial Statements

December 31, 2007

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#### 6. Employee benefits payable

Forest Hill Memorial Arena participates in a benefit plan provided by the City of Toronto. It provides administrative employees with long term disability benefits and the continuation of health, dental and life insurance benefits to disabled employees. The organization was not eligible for these benefits until 2007.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed mid 2007 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2007.

A long term receivable from the City of Toronto has resulted from the recording of administration staff benefit costs such as long term disability for administrative employees. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities of administration staff that may be incurred by the Arena.

Information about the Arena's employee benefits, is as follows:

	<u>2007</u>	<u>2006</u>
Continuation of benefits to disabled employees	\$ 1,871	\$ -
Income benefits	5,746	-
Unamortized actuarial loss	<u>(235)</u>	<u>-</u>
	<b>\$ <u>7,382</u></b>	<b>\$ <u>-</u></b>

The continuity of the accrued benefit obligation during 2007 is as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ -	\$ -
Current service cost	7,449	-
Interest cost	348	-
Amortization of actuarial gain	23	-
Expected benefits paid	<u>(438)</u>	<u>-</u>
	<b>\$ <u>7,382</u></b>	<b>\$ <u>-</u></b>

The Committee participates in the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer 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 paid to employees based on length of service and rate of pay. Employee contributions in 2007 totalled \$20,571.

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

December 31, 2007

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**7. 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.

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**Committee of Management for  
the Forest Hill Memorial Arena  
Schedule of Snack Bar and Vending Machine Operations**

Year Ended December 31

2007

2006

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**Sales**

Snack bar \$ 106,210 \$ 100,505  
Vending machine 4,419 4,073

**110,629** **104,578**

Cost of goods sold

54,145 48,511

**Gross profit**

**\$ 56,484** **\$ 56,067**

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

Year Ended December 31

**2007**

**2006**

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**Sales**

Pro shop	\$ 64,343	\$ 67,614
Cost of goods sold	<u>30,052</u>	<u>32,463</u>
<b>Gross profit</b>	<b>\$ <u>34,291</u></b>	<b>\$ <u>35,151</u></b>