



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

**Committee of Management for the George Bell
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 the George Bell Arena

We have audited the balance sheet of **Committee of Management for the George Bell Arena** at December 31, 2007 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 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 **George Bell 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
February 6, 2008

Grant Thornton LLP

Chartered accountants
Licensed Public Accountants

**Committee of Management for the
George Bell Arena**

Balance Sheet


December 31	2007	2006
		(Note 5)
Assets		
Current		
Cash and short term deposits	\$ 56,957	\$ 42,019
Receivables - ice rentals and other	28,919	51,415
Prepays	535	535
Inventory	1,403	5,188
Due from City of Toronto - operating deficit (Note 4)	<u>-</u>	<u>19,223</u>
	87,814	118,380
Long term		
Due from City of Toronto - employee benefits (Note 5)	<u>294,140</u>	<u>298,455</u>
	\$ 381,954	\$ 416,835

Liabilities

Current		
Payables and accruals		
- City of Toronto (Note 4)	\$ 9,323	\$ -
- Other	36,134	81,615
Deferred revenue	<u>27,357</u>	<u>21,765</u>
	72,814	103,380
Long term		
City of Toronto - working cash advance	15,000	15,000
Employee benefits payable (Note 5)	<u>294,140</u>	<u>298,455</u>
	309,140	313,455
	\$ 381,954	\$ 416,835

Approved on behalf of the Committee of Management

 Chair

 Member

See accompanying notes to the financial statements.

**Committee of Management for the
George Bell Arena
Statement of Revenue and Expenditure**

Year Ended December 31	2007	2006
		(Note 5)
Revenue		
Ice rentals	\$ 416,492	\$ 376,468
Summer floor rental	15,123	-
Snack bar and vending machine operations (Page 8)	12,357	1,217
Pro shop operations (Page 9)	(1,493)	(5,196)
Facility rentals	4,969	3,374
Other	3,665	7,459
Funding from the City for employee related costs (Note 5)	<u>(4,315)</u>	<u>68,241</u>
	<u>446,798</u>	<u>451,563</u>
Expenditures		
Salaries and wages	199,622	229,498
Employee benefits	66,807	63,679
Utilities	91,710	94,392
Maintenance and repairs	67,779	109,289
General administration	12,578	12,039
Insurance	9,529	8,964
Professional fees	5,574	7,344
Employee related costs (Note 5)	<u>(4,315)</u>	<u>68,241</u>
	<u>449,284</u>	<u>593,446</u>
Receivable from City of Toronto	(2,486)	(141,883)
Energy retrofit program debt repayment	15,653	-
Vehicle and equipment replacement reserve (Note 6)	<u>9,355</u>	<u>9,355</u>
Deficit due from the City of Toronto	\$ <u>(27,494)</u>	\$ <u>(151,238)</u>

See accompanying notes to the financial statements.

Committee of Management for the George Bell Arena

Notes to the Financial Statements

December 31, 2007

1. Establishment and operations

The George Bell 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 By-law No. 21259, 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. 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 The 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.

Committee of Management for the George Bell Arena

Notes to the Financial Statements

December 31, 2007

3. Significant accounting policies

- (a) Revenues and expenditures are recorded on an accrual basis.
 - (b) Inventories are valued at cost.
 - (c) As per Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board (PSAB), capital assets 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 recoded as deferred revenue.
 - (f) Services provided without charge by the City are not recorded in these financial statements.
-

4. Operating deficit receivable from (payable to) the City of Toronto

	<u>2007</u>	<u>2006</u>
The amount due from (to) the City of Toronto consists of the following:		
Balance, beginning of year	\$ 19,223	\$ (42,780)
Funds received adjusted	(10)	(10)
Insurance paid	(9,529)	-
Vehicle and equipment replacement reserve paid (due)	-	20
Hydro credit due	489	-
Current year's operating deficit	27,494	151,238
Funds received during the year	(31,337)	(89,245)
Energy retrofit paid	<u>(15,653)</u>	<u>-</u>
Balance, end of year	\$ <u>(9,323)</u>	\$ <u>19,223</u>

5. Employee-related liabilities

The Arena participates in a benefit plan provided by the City of Toronto. The Arena provides administrative employees with long term disability benefits and the continuation of health, dental and life insurance benefits to disabled employees.

In 2007, the City of Toronto directed the Arena to record an estimate of long term employee related liabilities which will be funded by the City of Toronto. Consequently, the Arena has recorded the obligation in 2007 and has also restated the comparative figures for 2006 to record the corresponding amounts for the prior year.

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

**Committee of Management for the
George Bell Arena**
Notes to the Financial Statements

December 31, 2007

5. Employee-related liabilities (continued)

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

	<u>2007</u>	<u>2006</u>
Long term disability benefits	\$ 368,857	\$ 517,205
Deduct: Unamortized actuarial loss	<u>74,717</u>	<u>218,750</u>
Employee benefit liability	\$ <u>294,140</u>	\$ <u>298,455</u>

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

Balance, beginning of year	\$ 298,455	\$ 230,214
Current service cost	6,207	82,097
Interest cost	17,171	31,022
Amortization of actuarial loss	7,472	27,411
Expected benefits paid	<u>(35,165)</u>	<u>(72,289)</u>
Balance, end of year	\$ <u>294,140</u>	\$ <u>298,455</u>

Expenditures in 2007 relating to employee benefits are included on the statement of operations and include the following components:

	<u>2007</u>	<u>2006</u>
Current services cost	\$ 6,207	\$ 82,097
Interest cost	17,171	31,022
Amortization of actuarial loss	<u>7,472</u>	<u>27,411</u>
	30,850	140,530
Less expected benefits paid during year	<u>(35,165)</u>	<u>(72,289)</u>
Total expenditures related to long term disability benefits	\$ <u>(4,315)</u>	\$ <u>68,241</u>

The Arena makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its employees. This 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 rate of pay.

6. 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 arena will contribute \$9,355 per year for the first five years for vehicle and equipment replacement reserve commencing in 2004.

Committee of Management for the
George Bell Arena

Schedule of Snack Bar and Vending Machine Operations

Year Ended December 31

2007

2006

Sales		
Snack bar	\$ 48,695	\$ 35,183
Cost of goods sold	<u>22,949</u>	<u>21,804</u>
Gross profit	25,746	13,379
Direct expenses		
Wages and benefits	<u>13,389</u>	<u>12,162</u>
Net profit	\$ <u>12,357</u>	\$ <u>1,217</u>

**Committee of Management for the
George Bell Arena
Schedule of Pro Shop Operations**

Year Ended December 31	2007	2006
Sales	\$ 2,937	\$ 4,831
Cost of goods sold	<u>1,446</u>	<u>5,272</u>
Gross profit (loss)	1,491	(441)
Direct expenses		
Wages and benefits	<u>2,984</u>	<u>4,755</u>
Net (loss)	\$ <u>(1,493)</u>	\$ <u>(5,196)</u>