



Grant Thornton

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GRANT THORNTON

Financial Statements

Board of Management for the Moss Park Arena

December 31, 2007

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Auditors' Report

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To the Council of the Corporation of the

City of Toronto and the Board of Management for the Moss Park Arena

We have audited the balance sheet of the **Board of Management for the Moss Park Arena** as 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 Moss Park 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
April 24, 2008

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Moss Park Arena
Statement of Revenue and Expenditure**

Year Ended December 31

2007

2006

Revenue

Ice rentals	\$ 371,206	\$ 358,331
Hockey School, camps and league operations	276,387	234,525
Snack bar and vending operations	18,375	16,437
Pro shop and skate sharpening	15,528	13,552
Facility rentals	4,436	3,506
Interest income`	1,907	8,807
Other	2,151	4,960
Funding from the City of Toronto for employee related costs (Note 7)	340	62,719
	<u>690,330</u>	<u>702,837</u>

Expenditures

Salaries and wages	308,182	295,757
Utilities	112,283	101,100
Employee benefits	81,737	62,291
General administration	54,434	64,684
Maintenance and repairs	84,497	48,067
Professional fees	4,002	3,600
Insurance	9,789	8,964
Furniture and equipment	31,094	9,860
Employee related costs (Note 7)	340	62,719
	<u>686,358</u>	<u>657,042</u>

Operating surplus	3,972	45,795
Vehicle and equipment reserve contribution (Note 8)	-	9,355
Surplus for the year, payable to the City of Toronto	<u>\$ 3,972</u>	<u>\$ 36,440</u>

See accompanying notes to the financial statements.

**Board of Management for the
Moss Park Arena
Balance Sheet**

December 31 2007 2006

Assets

Current

Cash and short term deposits	\$ 83,615	\$ 268,637
Receivable from City of Toronto	-	2,600
Receivable - others	126,667	120,218
Prepaid	375	-
Inventories	<u>6,592</u>	<u>9,253</u>
	217,249	400,708

Long term

Due from the City of Toronto - employee benefits (Note 7)	<u>265,254</u>	<u>264,914</u>
	\$ 482,503	\$ 665,622

Liabilities

Current

Payables and accruals		
- City of Toronto (Note 4)	\$ 16,388	\$ 15,729
- Other	85,646	64,427
Operating surplus due to the City of Toronto (Note 5)	25,486	239,516
Deferred revenue	<u>79,729</u>	<u>71,036</u>
	207,249	390,708

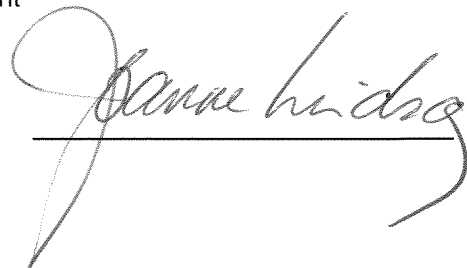
Long term

City of Toronto - working cash advance (Note 1)	10,000	10,000
- employee benefits payable (Note 7)	<u>265,254</u>	<u>264,914</u>
	275,254	274,914
	\$ 482,503	\$ 665,622

Approved on behalf of the Board of Management



Chair



Member

See accompanying notes to the financial statements.

**Board of Management for the
Moss Park Arena
Statement of Cash Flows**

Year Ended December 31

2007

2006

Increase (decrease) in cash and short term investments

Operating activities		
Excess of revenue over expenses	\$ 3,972	\$ 36,440
Change in operating working capital		
Receivables	7,118	(101,585)
Prepays	(375)	-
Inventories	2,661	6,617
Other	-	90
Payables and accruals - City of Toronto	(199,816)	132,854
- Other	21,219	35,725
Deferred revenue	(19,801)	3,444
	<u>(185,022)</u>	<u>113,585</u>
Financing activity		
Paid approved budget amount to the City of Toronto	-	(202,195)
Net decrease in cash and short term investments	(185,022)	(88,610)
Cash and short term investments, beginning of year	<u>268,637</u>	<u>357,247</u>
Cash and short term investments, end of year	\$ <u>83,615</u>	\$ <u>268,637</u>

See accompanying notes to the financial statements.

Board of Management for the Moss Park Arena

Notes to the Financial Statements

December 31, 2007

1. Establishment and operations

The Moss Park 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. 1995 - 0448, as amended. The Board of Management operates and manages the Arena on behalf of the City of Toronto.

Under the By-law, the Board of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Board 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 Board 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 Board'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.

Board of Management for the Moss Park Arena Notes to the Financial Statements

December 31, 2007

3. 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 included 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. Major capital expenditures and services provided without charge by the City 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.

4. Receivables owing by the City of Toronto

	<u>2007</u>	<u>2006</u>
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The amount due from the City of Toronto consists of the following:

Light and power rebate	\$ <u> </u> -	\$ <u> 2,600</u>
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5. Payable to the City of Toronto

	<u>2007</u>	<u>2006</u>
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The amount due to the City of Toronto consists of the following:

Light, power and water	\$ <u> 16,388</u>	\$ <u> 15,729</u>
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**Board of Management for the
Moss Park Arena
Notes to the Financial Statements**

December 31, 2007

6. Operating surplus due to the City of Toronto 2007 2006

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

Surplus 2002 (repaid in 2007)	\$ -	\$ 17,337
Deficit 2003	(14,927)	(14,927)
Surplus 2006	36,441	36,441
Surplus 2007	<u>3,972</u>	<u>-</u>
	25,485	38,851
Add: Overstated expenses relating to post-employment liability (repaid in 2007)	<u>-</u>	<u>200,665</u>
Balance, end of year	<u>\$ 25,486</u>	<u>\$ 239,516</u>

7. 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.

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>
Post retirement benefits	\$ 103,935	\$ 54,119
Continuation of benefits to disabled employees	133,369	103,368
Income benefits	253,014	281,764
Sick leave benefits	16,075	25,674
Deduct: Unamortized actuarial loss	<u>(241,139)</u>	<u>(200,011)</u>
Employee benefit liability	<u>\$ 265,254</u>	<u>\$ 264,914</u>

**Board of Management for the
Moss Park Arena
Notes to the Financial Statements**

December 31, 2007

7. Employee-related liabilities (continued) 2007 2006

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

Balance, beginning of year	\$ 264,914	\$ 202,195
Current service cost	10,194	66,661
Interest cost	24,214	27,649
Amortization of actuarial loss	24,114	23,765
Expected benefits paid	<u>(58,182)</u>	<u>(55,356)</u>
Balance, end of year	\$ <u>265,254</u>	\$ <u>264,914</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	\$ 10,194	\$ 66,661
Interest cost	24,214	27,649
Amortization of actuarial loss	<u>24,114</u>	<u>23,765</u>
	58,522	118,075
Less: Expected benefits paid	<u>(58,182)</u>	<u>(55,356)</u>
Total expenditures related to post-retirement benefits	\$ <u>340</u>	\$ <u>62,719</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.

8. 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 Board will contribute \$9,355 per year for the first five years for the vehicle and equipment reserve. There was no contribution in 2007 as the Arena reached the required amount in 2006. The contribution will commence again in 2008.

**Board of Management for the
Moss Park Arena
Schedule of Hockey School, Camp and League Operations**

Year Ended December 31

2007

2006

Sales

Hockey League Registration	\$ 155,209	\$ 133,687
Hockey Winter League	53,701	42,646
Hockey School Camp	60,584	38,878
Hockey School Registration	<u>71,083</u>	<u>76,536</u>
	<u>340,577</u>	<u>291,747</u>

Direct expenses

Hockey League Referees	35,350	29,400
Hockey League (trophies and bequests)	7,826	7,390
Hockey School and Camp	8,974	1,952
Hockey School and Camp Instructors	<u>12,040</u>	<u>18,480</u>
	<u>64,190</u>	<u>57,222</u>

Gross profit	\$ <u>276,387</u>	\$ <u>234,525</u>
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**Board of Management for the
Moss Park Arena
Schedule of Snack Bar and Vending Machine Operations**

Year Ended December 31

2007

2006

Sales

Snack bar	\$ 20,430	\$ 17,361
Vending machines	<u>15,646</u>	<u>13,343</u>

	36,076	30,704
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Less: Cost of goods sold	<u>17,701</u>	<u>14,267</u>
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Gross profit	\$ <u>18,375</u>	\$ <u>16,437</u>
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**Board of Management for the
Moss Park Arena
Schedule of Pro Shop and Sharpening Operations**

Year Ended December 31

2007

2006

Sales

Pro Shop	\$ 19,371	\$ 11,172
Skate sharpening	<u>10,955</u>	<u>10,501</u>
	36,326	21,673
Less: Cost of goods sold	<u>14,798</u>	<u>8,121</u>
Gross profit	\$ <u>15,528</u>	\$ <u>13,552</u>