



Grant Thornton

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Financial Statements

Committee of Management for the North Toronto  
Memorial Arena

December 31, 2007

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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, 2007 and the statements of 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, 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

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

Year Ended December 31

2007

2006

**Revenue**

Ice rentals	\$ 455,908	\$ 409,446
City of Toronto - recovery of expenses (Note 6)	45,000	45,000
Gate receipts	44,003	43,644
Snack bar and vending machine operations (Schedule 1)	39,232	45,938
Pro shop operations (Schedule 2)	24,517	15,653
Arena floor rentals	5,250	5,739
Banquet room rentals	20,764	19,806
Advertising	6,000	5,000
Other	<u>9,355</u>	<u>9,356</u>
	<u>650,029</u>	<u>599,582</u>

**Expenditures**

Salaries and wages	323,620	313,687
Employee benefits	83,231	78,619
Utilities	127,232	121,970
Maintenance and repairs	58,893	44,569
General administration	30,859	27,500
Professional fees	3,950	3,850
Insurance	9,877	8,964
Furniture and equipment	<u>2,964</u>	<u>3,381</u>
	<u>640,626</u>	<u>602,540</u>

Operating surplus (deficit) before reserve contribution	9,403	(2,958)
Vehicle and equipment reserve contribution (Note 7)	<u>9,355</u>	<u>9,355</u>
Excess (deficiency) of revenue over expenditures	\$ <u>48</u>	\$ <u>(12,313)</u>

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See accompanying notes to the financial statements.

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

December 31 2007 2006

**Assets**

Current

Cash	\$ -	\$ 2,513
Receivables	74,249	76,528
Inventories	89,515	72,525
Operating deficit receivable from City of Toronto (Note 4)	<u>-</u>	<u>12,313</u>
	<b>163,764</b>	<b>163,879</b>

Long term

Due from City of Toronto - employee benefits (Note 5)	<u>200,562</u>	<u>213,851</u>
	<b>\$ 364,326</b>	<b>\$ 377,730</b>

**Liabilities**

Current

Bank indebtedness	\$ 7,171	\$ -
Payables and accruals - City of Toronto	16,333	23,634
- Other	118,229	114,896
Deferred revenue	6,983	10,349
Operating surplus payable to City of Toronto (Note 4)	<u>48</u>	<u>-</u>
	<b>148,764</b>	<b>148,879</b>

Long term

City of Toronto - working cash advance (Note 1)	15,000	15,000
Employee benefits payable (Note 5)	<u>200,562</u>	<u>213,851</u>
	<b>\$ 364,326</b>	<b>\$ 377,730</b>

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  
North Toronto Memorial Arena  
Statement of Cash Flows**

Year Ended December 31

2007

2006

(Decrease) in cash and short term deposits

<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures	\$ 48	\$ (12,313)
Receipts - City of Toronto	2,958	3,103
Zamboni contribution for the year to City of Toronto	<u>9,355</u>	<u>9,355</u>
	<u>12,361</u>	<u>145</u>
Change in operating working capital		
Receivables	2,279	(10,564)
Inventories	(16,990)	2,142
Payable and accruals		
City of Toronto	(7,301)	(47,564)
Other	3,333	47,774
Deferred revenue	<u>(3,366)</u>	<u>(3,516)</u>
	<u>(22,045)</u>	<u>(11,728)</u>
Decrease in cash	(9,684)	(11,583)
Cash, beginning of year	<u>2,513</u>	<u>14,096</u>
(Bank indebtedness) cash, end of year	\$ <u>(7,171)</u>	\$ <u>2,513</u>

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See accompanying notes to the financial statements.

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

December 31, 2007

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## 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.

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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 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, bank indebtedness 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 North Toronto Memorial Arena Notes to the Financial Statements

December 31, 2007

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### **3. 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.

#### **Employee related costs**

The Arena has adopted the following policy with respect to its employee benefit plans:

- (a) the Arena's contributions to multi-employer, defined benefit pension plan are expensed when contributions are made; and
- (b) the costs of other employee benefits are determined by an independent actuary using the projected benefits method prorated on managements' best estimate of salary escalation and expected health care costs.

#### **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.



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

December 31, 2007

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

The amount due to (from) the City of Toronto consists of the following:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ (12,313)	\$ (12,458)
Current year's operating deficit	48	(12,313)
Receipts	2,958	3,103
Zamboni contribution for the year	<u>9,355</u>	<u>9,355</u>
Balance, end of year	\$ <u>48</u>	\$ <u>(12,313)</u>

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#### 5. Employee-related liabilities

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

The City of Toronto has provided the Arena with an estimate of long term employee related liabilities which will be funded by the City of Toronto. Consequently, the Arena, at the City's request, 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 by an independent expert during 2007 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2007. The actuarial valuation has resulted in an actuarial gain of \$194,214 which is being amortized over 11 years, being the expected average remaining service life of the employees.

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>
Contribution of benefits to disabled employees	\$ 1,559	\$ 98,278
Income benefits	4,789	272,999
Add: Unamortized actuarial gain (loss)	<u>194,214</u>	<u>(157,426)</u>
Employee benefit liability	\$ <u>200,562</u>	\$ <u>213,851</u>

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

December 31, 2007

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## 5. Employee-related liabilities (continued)

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

Balance, beginning of year	\$ 213,851	\$ 165,355
Current service cost	6,207	58,903
Interest cost	290	22,269
Amortization of actuarial (gain) loss	(19,421)	19,688
Expected benefits paid	<u>(365)</u>	<u>(52,364)</u>
Balance, end of year	\$ <u>200,562</u>	\$ <u>213,851</u>

Expenditures in 2007 relating to employee benefits include the following components:

	<u>2007</u>	<u>2006</u>
Current services cost	\$ 6,207	\$ 58,903
Interest cost	290	22,269
Amortization of actuarial (gain) loss	<u>(19,421)</u>	<u>19,688</u>
	<u>(12,924)</u>	100,860
Less expected benefits paid during year	<u>(365)</u>	<u>(52,364)</u>
Total expenditures related to long term disability benefits	\$ <u>(13,289)</u>	\$ <u>48,496</u>

A long term receivable of \$200,562 (2006 - \$213,851) has resulted from recording benefits for disabled employees. Funding for these costs are provided by the City as benefit costs are paid and the City is responsible for the payment of benefit liabilities for full-time employees that may be incurred by the Arena.

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.

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## 6. 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.

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## 7. 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.

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

Year Ended December 31

**2007**

**2006**

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**Sales**

Snack bar and vending machine

**\$ 123,914**

**\$ 124,274**

Less: Cost of goods sold

**55,609**

**50,084**

**68,305**

**74,190**

**Direct expenses**

Wages

**28,950**

**27,773**

Maintenance

**123**

**479**

**29,073**

**28,252**

**\$ 39,232**

**\$ 45,938**

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

Year Ended December 31

**2007**

**2006**

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**Sales**

Pro shop

\$ 70,732

\$ 54,077

Less: Cost of goods sold

41,143

33,006

29,589

21,071

**Direct expenses**

Wages

4,400

3,838

Equipment maintenance

672

1,580

5,072

5,418

\$ 24,517

\$ 15,653