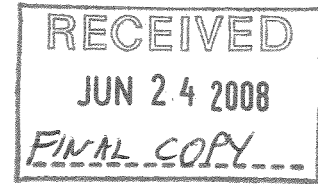




Grant Thornton



Financial Statements

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

December 31, 2007

Contents

	Page
Auditors' Report	
Balance Sheet	2
Statement of Revenue and Expenditure	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 7
Snack Bar and Vending Machine Operations - Schedule 1	8
Contracted Services – Outdoor Rink - Schedule 2	9



Auditors' Report

Grant Thornton LLP
Royal Bank Plaza
19th Floor, South Tower
200 Bay Street, Box 55
Toronto, ON
M5J 2P9
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

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, 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 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.

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.

Toronto, Ontario
May 5, 2008

Grant Thornton LLP

Chartered Accountants
Licensed Public Account

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

December 31 2007 2006

Assets

Current		
Cash	\$ 156,379	\$ 158,281
Receivables	52,790	56,962
Inventories	<u>6,400</u>	<u>5,141</u>
	<u>\$ 215,569</u>	<u>\$ 220,384</u>

Liabilities

Current		
Payables and accruals		
- City of Toronto (Note 4)	\$ 62,428	\$ 20,919
- Other	83,480	147,609
Deferred revenue (Note 5)	<u>54,661</u>	<u>36,856</u>
	<u>200,569</u>	<u>205,384</u>
Long term		
City of Toronto - Working cash advance (Note 1)	<u>15,000</u>	<u>15,000</u>
	<u>\$ 215,569</u>	<u>\$ 220,384</u>

Approved on behalf of the Committee of Management

X Sandra Bussin Chair

Michael Brandt Treasurer
Board Member

See accompanying notes to the financial statements.

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

December 31

2007

2006

Assets

Current

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Receivables	52,790	56,962
Inventories	<u>6,400</u>	<u>5,141</u>
	\$ <u>215,569</u>	\$ <u>220,384</u>

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	\$ <u>215,569</u>	\$ <u>220,384</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

2007

2006

	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u>
Revenue			
Ice rentals	\$ 456,000	\$ 468,209	\$ 458,738
Snack bar and vending machine operations (Schedule 1)	41,000	41,067	48,916
Contracted services - outdoor rink (Schedule 2)	24,000	24,000	23,433
Lacrosse rentals	19,000	13,246	15,280
City of Toronto - renovations	-	-	4,280
Other	<u>13,400</u>	<u>17,781</u>	<u>13,143</u>
	<u>553,400</u>	<u>564,303</u>	<u>563,790</u>
Expenditures			
Salaries and wages	281,000	257,636	245,098
Employee benefits	23,800	24,966	21,657
Utilities	131,300	97,668	101,054
Maintenance and repairs	81,700	109,548	124,317
Energy retrofit	4,000	-	-
Renovations	-	-	4,280
General administration	14,100	11,059	12,662
Insurance	9,000	9,882	8,964
Professional fees	6,300	6,300	5,878
Furniture and equipment	<u>2,200</u>	<u>5,435</u>	<u>29,878</u>
	<u>553,400</u>	<u>522,494</u>	<u>553,788</u>
Operating surplus before other items	-	41,809	10,002
Energy retrofit program debt repayment	-	33,645	-
Vehicle and equipment replacement reserve contribution	<u>9,355</u>	<u>9,355</u>	<u>9,355</u>
Operating (deficit) surplus (receivable from) payable to the City of Toronto (Note 4)	\$ <u>-</u>	\$ <u>(1,191)</u>	\$ <u>647</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	2007	2006
Increase (decrease) in cash		
Operating activities		
Operating (deficit) surplus (receivable from) payable to the City of Toronto	\$ (1,191)	\$ 647
Increase (decrease) resulting from changes in:		
Payable to the City of Toronto	42,700	(2,452)
Receivables - other	4,172	30,373
Inventories	(1,259)	1,900
Payable and accruals - other	(64,129)	85,282
Deferred revenue	<u>17,805</u>	<u>392</u>
Net (decrease) increase in cash	(1,902)	116,142
Cash, beginning of year	<u>158,281</u>	<u>42,139</u>
Cash, end of year	<u>\$ 156,379</u>	<u>\$ 158,281</u>

See accompanying notes to the financial statements.

Committee of Management for the Ted Reeve Community Arena

Notes to the Financial Statements

December 31, 2007

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. 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 Ted Reeve Community 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 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.

4. Payables to the City of Toronto

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

	<u>2007</u>	<u>2006</u>
Hydro	\$ 20,619	\$ 10,917
Current year's operating (deficit) surplus	(1,191)	647
Vehicle and equipment reserve advance	9,355	9,355
Energy retrofit program debt payment due	<u>33,645</u>	-
Net payable to the City	<u>\$ 62,428</u>	<u>\$ 20,919</u>

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

December 31, 2007

5. Deferred revenue

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

	<u>2007</u>	<u>2006</u>
Advertising	\$ 1,500	\$ 3,000
Ice rentals	30,994	11,689
Donations	<u>22,167</u>	<u>22,167</u>
	<u>\$ 54,661</u>	<u>\$ 36,856</u>

6. 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.

7. 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.

8. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

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

Schedule 1
2006

Year Ended December 31

2007

Sales

Snack bar	\$ 99,383	\$ 107,779
Vending machine	<u>20,335</u>	<u>19,485</u>
	119,718	127,264
Less: Cost of goods sold	<u>51,550</u>	<u>51,369</u>
Gross profit	68,168	75,895
Direct expenses		
Wages and benefits	<u>27,101</u>	<u>26,979</u>
Net profit	\$ <u>41,067</u>	\$ <u>48,916</u>

**Committee of Management for the
Ted Reeve Community Arena
Contracted Services – Outdoor Rink**

Schedule 2
2006

Year Ended December 31

2007

Revenue

Administration	\$ 24,000	\$ 23,433
Recovery of expenses	<u>107,681</u>	<u>95,638</u>
	<u>131,681</u>	<u>119,071</u>

Expenditure

Wages	45,231	41,579
Employee benefits	3,952	3,719
Utilities	41,229	40,685
Maintenance and repairs	13,819	6,370
Miscellaneous	<u>3,450</u>	<u>3,285</u>
	<u>107,681</u>	<u>95,638</u>

Net revenue	\$ <u>24,000</u>	\$ <u>23,433</u>
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