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GRANT THORNTON

Financial Statements

**Board of Management for the Leaside Memorial
Community Gardens**

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
Leaside Memorial Community Gardens

We have audited the balance sheet of the **Board of Management for the Leaside Memorial Community Gardens** 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 Leaside'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 **Board of Management for the Leaside Memorial Community Gardens** 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 4, 2008



Chartered Accountants
Licensed Public Accountants

Board of Management for the Leaside Memorial Community Gardens Statement of Revenue and Expenditure

Year Ended December 31

2007

2006

(Restated -
Notes 2(b) and 3)

Revenue

Arena	\$ 455,472	\$ 435,505
Pool	219,011	169,362
Banquet/Meeting Room	95,426	93,709
Snack Bar	45,084	51,559
Vending	10,928	9,629
Miscellaneous	15,107	13,994
Parking	3,087	3,681
	<u>844,115</u>	<u>777,439</u>

Expenditure

Arena	323,480	309,900
Pool	148,160	95,855
Banquet/Meeting Room	57,050	49,546
Snack Bar	37,759	43,202
Vending	6,284	4,617
Allocations	292,290	292,883
	<u>865,023</u>	<u>796,003</u>

Deficiency of revenue over expenditure before the following	(20,908)	(18,564)
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Vehicle and equipment reserve contribution (Note 11)	(9,355)	(9,355)
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Debt repayment - principal	(12,807)	(21,316)
- interest	(724)	(1,683)

Net deficiency	\$ (43,794)	\$ (50,918)
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See accompanying notes to the financial statements.

Board of Management for the Leaside Memorial Community Gardens Balance Sheet

December 31	2007	2006
		(Restated - Notes 2(b) and 3)
Assets		
Current		
Cash and short term deposits	\$ 151,739	\$ 535,220
Receivables	75,548	52,504
Inventories	3,421	3,836
Operating deficit due from the City of Toronto (Note 5)	<u>182,101</u>	<u>190,439</u>
	412,809	781,999
Other		
Amounts to be recovered - City of Toronto (Note 6)	<u>124,837</u>	<u>145,859</u>
	\$ <u>537,646</u>	\$ <u>927,858</u>

Liabilities		
Current		
Payables and accruals		
City of Toronto	\$ 283,148	\$ 645,612
Other	78,954	81,983
Deposits	8,912	12,609
Current portion of long term debt (Note 7)	<u>3,278</u>	<u>12,807</u>
	374,292	753,011
Long term		
Long term debt (Note 7)	-	3,278
Unamortized actuarial gain (Note 8)	155,736	44,270
Employee benefits payable (Note 8)	<u>7,618</u>	<u>127,299</u>
	\$ <u>537,646</u>	\$ <u>927,858</u>

Approved on behalf of the Board of Management

 Chair

 Treasurer

See accompanying notes to the financial statements.

Board of Management for the Leaside Memorial Community Gardens Statement of Cash Flows

Year Ended December 31

2007

2006

(Restated -
Notes 2(b) and 3)

Increase (decrease) in cash and short term investments

Operating activities		
Net deficiency	\$ <u>(43,794)</u>	\$ <u>(50,918)</u>
Increase (decrease) resulting from changes in:		
Receivables	(23,044)	24,483
Inventories	415	(255)
Operating deficit due from the City of Toronto	52,132	(9,951)
Payables and accruals - City of Toronto	(362,464)	314,950
- Other	(3,029)	9,741
Deposits	(3,697)	8,509
Current portion of long term debt	(9,529)	(8,509)
Amounts to be recovered - City of Toronto	21,022	157,656
Employee benefits payable	(119,681)	14,199
Unamortized actuarial gain	111,466	(4,024)
Long term debt	(3,278)	(12,807)
	<u>(339,687)</u>	<u>493,992</u>
Net (decrease) increase in cash and short term investments	(383,481)	443,074
Cash and short term investments, beginning of year	<u>535,220</u>	<u>92,146</u>
Cash and short term investments, end of year	\$ <u>151,739</u>	\$ <u>535,220</u>

See accompanying notes to the financial statements.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2007

1. Establishment and operations

The Leaside Memorial Community Gardens was established as a Memorial Community Centre under the Community Recreation Centres Act (RSO 1990, Chapter C.22), pursuant to Chapter 25 of the City of Toronto Municipal Code, by By-law No. 1374 (former Town of Leaside, December 17, 1951), as amended. The Board of Management operates and manages the Memorial Community Centre (the Centre) 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

2. Change in accounting policies

- (a) 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 Leaside Memorial Community Gardens

Notes to the Financial Statements

December 31, 2007

2. Change in accounting policies (continued)

- (a) In addition, effective January 1, 2007 the Arena adopted the CICA Handbook Section 1506 - "Accounting Changes," which prescribes the criteria for changes in accounting policies, changes in accounting estimates and correction of errors.
- (b) Change in accounting policy for recording debt and vehicle and equipment reserve contributions.

During the year, the Arena changed its policy of recording loan repayments and vehicle and equipment reserve contributions from recording them on the cash basis to the accrual basis. This change in policy has resulted in a change in the 2006 figures as follows:

	<u>As previously Stated</u>	<u>Increase (Decrease)</u>	<u>As restated</u>
Revenue - pool	\$ 169,811	\$ (449)	\$ 169,362
Deficiency of revenue over expenditure before vehicle and equipment reserve contribution and debt principal and interest	(19,798)	(1,234)	(18,564)
Debt repayment	22,978	(1,662)	21,316

3. Prior period adjustment

In 2003 and 2004 the Arena repaid debt of \$100,574 owing to the City of Toronto. This amount was not recorded as a charge to the statement of revenue and expenditure but rather was recorded as an amount receivable from the City of Toronto. The effect of this change and the change in accounting policy (Note 2 (b)) is as follows:

	<u>As previously Stated</u>	<u>Increase (Decrease)</u>	<u>As restated</u>
Operating deficit due from the City of Toronto	\$ 47,058	\$ 143,381	\$ 190,439
Amounts to be recovered - City of Toronto	100,574	(100,574)	-

4. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Revenue recognition

Revenues and expenditures are recorded on an accrual basis.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2007

4. Significant accounting policies (continued)

Inventories

Inventories held for resale are valued at cost.

Employee related costs

The Centre's contributions to a multi-employer, defined benefit pension plan, and health care costs are expensed when contributions are made. The costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.

For post-retirement benefits, the obligation is recorded as a long term employee benefits liability and represents costs, which will be funded by the City of Toronto as benefits are paid.

Sick leave benefit

The sick leave benefit is calculated at the salary levels in effect at the end of the year for all vested sick pay credits accruing to employees.

Deposits

Ice rentals and rental deposits for the auditorium paid in advance are recorded as deposits.

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the year. Liabilities established for employee benefits and related costs charged to the statement of operation depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the Centre's best information and judgement and may change significantly with the next detailed valuation.

Contributed material and services

Services provided without charge by the City are not recorded in these financial statements.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2007

5. Operating deficit due from the City of Toronto

The deficit receivable from the City of Toronto consists of the following:

	<u>2007</u>	<u>2006</u> (Restated - Notes 2(b) and 3)
2002 operating deficit due, as restated	\$ 178,906	\$ 178,906
Current year's operating deficit	43,794	50,918
Deficit advance for current year	(92,760)	(92,760)
Adjustment to 2004 deficit due to change in accounting policy (Note 2 (b))	9,355	9,355
Adjustment to 2006 deficit due to change in accounting policy (Note 2 (b))	449	-
Loan payment for 2003 accrued	-	21,042
Loan payment made for 2005	-	22,978
Loan payments made for 2003 and 2006	<u>42,357</u>	<u>-</u>
	<u>\$ 182,101</u>	<u>\$ 190,439</u>

6. Amounts to be recovered - City of Toronto

	<u>2007</u>	<u>2006</u>
Capital outlay financed by long-term debt and to be recovered in future years	\$ 3,278	\$ 16,085
Employee benefits - post-retirement benefits	101,559	109,774
Expansion	<u>20,000</u>	<u>20,000</u>
	<u>\$ 124,837</u>	<u>\$ 145,859</u>

Capital assets financed through funds provided by the City of Toronto are recorded as an expense in the statement of operations in the year of acquisition of the capital asset or when the capital project is completed. A corresponding amount is reported as funding to be received from the City of Toronto. A receivable from the City has also resulted from the accounting policies for post-retirement benefits described in Note 6 to these financial statements.

The amounts shown above will ultimately be received from the City when the post-retirement benefits are paid and when long term debt payments are expensed.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2007

7. Long term debt	<u>2007</u>	<u>2006</u>
City of Toronto - loan payable	\$ 3,278	\$ 16,085
Less: Amount payable within one year	<u>3,278</u>	<u>12,807</u>
	\$ <u>-</u>	\$ <u>3,278</u>

At December 31, 2007, long term debt consists of \$3,278 (2006 - \$16,085) of future annual principal payments.

The loan bears interest at the prime rate as at January 1 of each year. A schedule of principal payments is as follows:

2008	\$3,278
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8. Employee benefits

Leaside participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits. Under the sick leave plan for administration staff, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave Leaside's employment. The actual liability for these accumulated days is \$89,635 and represents the extent to which they have vested and could be taken in cash by an employee on terminating. Leaside also provides health, dental, life insurance and long term disability benefits to employees. The same health, dental and life insurance benefits are provided to administration retirees until age 65 and reduced benefits thereafter.

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 of December 31, 2007. The actuarial valuation has resulted in an actuarial gain of \$155,736 which is being amortized on a straight-line basis over 11 years.

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

	<u>2007</u>	<u>2006</u>
Continuation of benefits to disabled employees	\$ 1,871	\$ -
Income benefits	5,747	-
Sick leave benefit plan	-	30,809
Post-retirement benefits	<u>-</u>	<u>96,490</u>
	7,618	127,299
Add: Unamortized actuarial gain	<u>155,736</u>	<u>44,270</u>
Employee benefit liability	\$ <u>163,354</u>	\$ <u>171,569</u>

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2007

8. Employee benefits (continued)

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

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 171,569	\$ 161,394
Current service cost	7,449	8,825
Interest cost	348	7,259
Amortization of actuarial gain	(15,574)	(4,024)
Expected benefits paid	<u>(438)</u>	<u>(1,885)</u>
Balance, end of year	\$ <u>163,354</u>	\$ <u>171,569</u>

Expenditures in 2007 relating to employee benefits are included as employee benefit expenses for administration on the Statement of Revenue and Expenditure and include the following components:

	<u>2007</u>	<u>2006</u>
Current service cost	\$ 7,449	\$ 8,825
Interest cost	348	7,259
Amortization of actuarial gain	<u>(15,574)</u>	<u>(4,024)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>(7,777)</u>	\$ <u>12,060</u>

A long term receivable has resulted from recording sick leave and post retirement benefits for the administrative staff. Funding for these costs will be provided by the City as benefit costs are paid and the City is responsible for the City approved administration staff benefit liabilities that may be incurred by Leaside.

In addition, the Board makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employed plan, on behalf of most of its employees. The 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 rates of pay.

9. Interest and debt repayment - long term debt

Charges for interest on long term debt and debt repayment which are reported on the Statement of Revenue and Expenditures are \$724 (2006 - \$1,683).

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2007

10. Pool agreement with City of Toronto

Under an agreement between the Board of Management of Leaside Memorial Community Gardens and the former Corporation of the Borough of East York and now the City of Toronto, the Board is appointed to operate, manage and maintain the swimming pool facility located at 1073 Millwood Road. The agreement commenced on October 1, 1996 and was for a one year period and without notice to terminate the agreement from either party, automatically renews for successive one year terms.

The agreement requires the City of Toronto to pay an annual rental fee to the Board of Management of Leaside Memorial Community Gardens for the swimming pool facility equal to the annual capital and operating deficits as authorized by the Board and approved by the City.

As at December 31, 2007, \$219,011 (2006 - \$169,362) is receivable from the City of Toronto for rental fees owing to Leaside Memorial Community Gardens for the current year. This amount has been included in the balance sheet as a reduction to accounts payable and accrued liabilities - City of Toronto.

11. Vehicle and equipment replacement reserve

These contributions are 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 commencing in the year 2004.

12. Expansion Plans

The Arena has expansion plans of constructing a second pad of ice on property adjacent to Leaside Gardens owned by the Province of Ontario. There is a business plan where private lenders have proposed financing the entire project with the City's covenant. The City has to acquire the land first from the Province of Ontario in order for the Plan to proceed. The City is currently reviewing the land acquisition deal pending council approval. Total cost of the project is estimated at \$14million.

13. Contingency

One grievance has been made against the Arena which amounts at this time are not determinable. Management feels that this claim is not valid and as a result is not reflected in these financial statements.

Board of Management for the Leaside Memorial Community Gardens Schedule of Arena Operations

Year Ended December 31

2007

2006

Revenue

Arena ice rental	\$ 439,537	\$ 426,450
Dasher board rental	<u>15,935</u>	<u>9,055</u>
	<u>455,472</u>	<u>435,505</u>

Expenditure

Wages	153,249	143,118
Equipment repairs and maintenance	5,348	9,553
Building repairs and maintenance	33,052	43,545
Ice resurfacers	16,316	7,842
Hydro	72,398	72,903
Gas	43,117	32,939
Allocated expenses		
Supervision	-	3,569
Office/management salaries	105,212	105,256
Office supplies	9,601	8,560
Telephone/fax	2,948	2,893
Advertising/promotion	284	-
Bank service charges	405	411
Travel expense	2,487	2,405
Employee benefits	55,362	56,546
Workers' Compensation	3,851	-
General supplies	1,773	2,304
Security	3,133	907
Professional fees	3,627	5,589
Weekend paging	2,516	2,029
Insurance	8,043	7,210
Uniforms	2,059	2,092
Professional upgrade	380	993
Sick time	-	1,325
	<u>525,161</u>	<u>511,989</u>

Deficit before the following	(69,689)	(76,484)
Vehicle and equipment reserve contributions (Note 10)	(9,355)	(9,355)
Debt repayment	(9,349)	(15,561)
Interest	<u>(499)</u>	<u>(1,161)</u>

Net deficit	\$ <u>(88,892)</u>	\$ <u>(102,561)</u>
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Board of Management for the Leaside Memorial Community Gardens Schedule of Pool Operations

Year Ended December 31

2007

2006

Revenue

Pool

\$ 219,011

\$ 169,362

Expenditure

Wages

54,116

55,683

Building repairs and maintenance

27,853

14,234

Shop supplies

5,571

2,868

Hydro

30,883

15,621

Gas

29,737

7,449

Allocated expenses

Supervision

-

1,190

Office/management salaries

35,071

35,085

Office supplies

3,201

2,854

Telephone/fax

983

965

Advertising/promotion

95

-

Bank service charges

135

137

Travel expense

829

802

Employee benefits

18,454

18,849

Workers' Compensation

1,283

-

General supplies

591

768

Security

1,045

303

Professional fees

1,209

1,863

Weekend paging

838

676

Insurance

2,681

2,403

Uniforms

686

697

Professional upgrade

126

331

Sick time

-

442

215,387

163,220

Surplus before following

3,624

6,142

Debt repayment

(3,458)

(5,755)

Interest

(166)

(387)

Net surplus

\$ -

\$ -

Board of Management for the Leaside Memorial Community Gardens Schedule of Banquet/Meeting Room Operations

Year Ended December 31

2007

2006

Revenue

Banquet/meeting room	\$ <u>95,426</u>	\$ <u>93,709</u>
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Expenditure

Food and bar purchases	322	(122)
Other purchases	7,145	1,660
Wages - full time	17,724	17,724
Wages - part time	8,711	6,312
Building repairs and maintenance	12,730	8,815
Hydro	7,283	6,814
Gas	-	58
Advertising and promotion	3,135	8,285
Allocated expenses		
Supervision	-	414
Office/management salaries	12,198	12,204
Office supplies	1,113	992
Telephone/fax	341	335
Advertising/promotion	32	-
Bank service charges	47	47
Travel expense	289	279
Employee benefits	6,418	6,555
Workers' Compensation	447	-
General supplies	205	267
Security	363	105
Professional fees	421	648
Weekend paging	292	235
Insurance	933	836
Uniforms	239	243
Professional upgrade	44	115
Sick time	-	154
	<u>80,432</u>	<u>72,975</u>
Surplus before following	14,994	20,734
Interest	<u>59</u>	<u>(135)</u>
Net surplus	\$ <u>14,935</u>	\$ <u>20,599</u>

**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Snack Bar Operations**

Year Ended December 31

2007

2006

Revenue

Snack bar/snack vending	\$ <u>45,084</u>	\$ <u>51,559</u>
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Expenditure

Snack bar/snack vending	24,776	28,948
Wages	<u>12,983</u>	<u>14,254</u>
	<u>37,759</u>	<u>43,202</u>

Net surplus

	\$ <u>7,325</u>	\$ <u>8,357</u>
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**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Vending Operations**

Year Ended December 31

2007

2006

Revenue

Vending	\$ 10,928	\$ 9,629
Sign rental	3,130	4,058
Mediacom sign revenue	7,872	7,642
Parking lot revenue	3,087	3,681
Miscellaneous income	(4)	2,294
Interest income	4,109	-
	<u>29,122</u>	<u>27,304</u>

Expenditure

Vending purchases	<u>6,284</u>	<u>4,617</u>
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Net surplus

\$ <u>22,838</u>	\$ <u>22,687</u>
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