

Grant Thornton

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GRANT THORNTON

Financial Statements

**Committee of Management for the Forest Hill
Memorial Arena**

December 31, 2008

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Auditors' Report

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To the Council of the Corporation of the
**City of Toronto and the Committee of Management for
Forest Hill Memorial Arena**

We have audited the balance sheet of the **Committee of Management for the Forest Hill Memorial Arena** as at December 31, 2008 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 **Forest Hill Memorial Arena** as at December 31, 2008 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
May 14, 2009

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Committee of Management for the Forest Hill Memorial Arena Balance Sheet

December 31 2008 2007

Assets

Current

Cash	\$ 24,623	\$ 73,674
Operating deficit due from City of Toronto (Note 4)	8,910	-
Receivables - Ice rentals and other	71,455	77,953
Inventories	<u>42,389</u>	<u>45,078</u>
	147,377	196,705

Long term

Receivable - City of Toronto (Note 5)	<u>14,907</u>	<u>7,382</u>
	\$ <u>162,284</u>	\$ <u>204,087</u>

Liabilities


Current

Payables and accruals - City of Toronto (Note 3)	\$ 22,594	\$ 23,609
- Other	76,794	132,649
Operating surplus due to the City of Toronto (Note 4)	-	3,591
Deferred revenue	<u>37,989</u>	<u>26,856</u>
	137,377	186,705


Long term

Employee benefits payable (Note 5)	14,907	7,382
City of Toronto - working capital advance	<u>10,000</u>	<u>10,000</u>
	\$ <u>162,284</u>	\$ <u>204,087</u>

Approved on behalf of the Committee of Management



Chair
Leonard J. Freed



Member
DONALD GREENBAUM

See accompanying notes to the financial statements.

**Committee of Management for
the Forest Hill Memorial Arena
Statement of Revenue and Expenditure**

Year Ended December 31

2008

2007

Revenue

Ice rentals	\$ 735,300	\$ 821,496
City of Toronto - funding for employee related costs	7,525	7,382
Snack bar and vending machine operations (Page 8)	53,953	56,484
Pro shop operations (Page 9)	34,350	34,291
Interest	6	178
Other	<u>38,671</u>	<u>18,065</u>
	<u>869,805</u>	<u>937,896</u>

Expenditure

Salaries and wages	449,018	428,952
Employee benefits	109,385	109,401
Utilities	160,792	171,557
Maintenance and repairs	110,956	144,605
General administration	25,558	24,055
Insurance	10,286	11,000
Furniture and equipment	2,206	3,104
Professional fees	<u>4,750</u>	<u>32,276</u>
	<u>872,951</u>	<u>924,950</u>

Operating surplus before reserve contribution	(3,146)	12,946
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Vehicle and equipment reserve contribution (Note 6)	<u>9,355</u>	<u>9,355</u>
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(Deficit) surplus (receivable from) payable to the City of Toronto	\$ <u>(12,501)</u>	\$ <u>3,591</u>
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See accompanying notes to the financial statements.

**Committee of Management for
the Forest Hill Memorial Arena
Statement of Cash Flows**

Year Ended December 31

2008

2007

Increase (decrease) in cash and short term deposits

Operating activities

(Deficit) surplus (receivable from) payable to the City of Toronto	\$ (12,501)	\$ 3,591
Increase (decrease) resulting from changes in:		
Receivables - Ice rentals and other	6,498	(9,418)
Inventories	2,689	8,977
Payables and accruals - City of Toronto	(1,015)	(2,243)
- Other	(55,855)	53,856
Deferred revenue	<u>11,133</u>	<u>(12,186)</u>
	<u>(49,051)</u>	<u>42,577</u>

Financing activity

Payment of prior year's operating surplus	<u>-</u>	<u>(1,127)</u>
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Net (decrease) increase in cash and short term deposits	(49,051)	41,450
Cash and short term deposits, beginning of year	<u>73,674</u>	<u>32,224</u>
Cash and short term deposits, end of year	\$ <u>24,623</u>	\$ <u>73,674</u>

See accompanying notes to the financial statements.

Committee of Management for the Forest Hill Memorial Arena

Notes to the Financial Statements

December 31, 2008

1. Establishment and operations

The Forest Hill 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. 361-70 of the former Village of Forest Hill, 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 of Management 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 of Management ceasing to function for any reason.

2. 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 include 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.

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.

Committee of Management for the Forest Hill Memorial Arena

Notes to the Financial Statements

December 31, 2008

2. Summary of significant accounting policies (continued)

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 paid in advance are recorded as deferred revenue.

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

3. Accrued liabilities owing to the City of Toronto	<u>2008</u>	<u>2007</u>
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The amount due to the City of Toronto consists of the following:

Light and power	\$ <u>22,594</u>	\$ <u>23,609</u>
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4. Operating surplus due (from) to the City of Toronto	<u>2008</u>	<u>2007</u>
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The amount due to the City of Toronto consists of the following:

Balance, beginning of year	\$ 3,591	\$ 1,127
Current year's operating surplus	(12,501)	3,591
Paid during the current year	<u>-</u>	<u>(1,127)</u>
Balance, end of year	\$ <u>(8,910)</u>	\$ <u>3,591</u>

5. Employee benefits payable

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

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 at December 31, 2008.

A long term receivable from the City of Toronto has resulted from the recording of administration staff benefit costs such as long term disability for administrative employees. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities of administration staff that may be incurred by the Arena.

**Committee of Management for
the Forest Hill Memorial Arena
Notes to the Financial Statements**

December 31, 2008

5. Employee benefits payable (continued)

Information about the Arena's employee benefits, is as follows:

	<u>2008</u>	<u>2007</u>
Continuation of benefits to disabled employees	\$ 3,766	\$ 1,871
Income benefits	11,358	5,746
Unamortized actuarial loss	<u>(217)</u>	<u>(235)</u>
	<u>\$ 14,907</u>	<u>\$ 7,382</u>

The continuity of the accrued benefit obligation during 2008 is as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 7,382	\$ -
Current service cost	7,618	7,449
Interest cost	17	348
Amortization of actuarial loss	690	23
Expected benefits paid	<u>(800)</u>	<u>(438)</u>
	<u>\$ 14,907</u>	<u>\$ 7,382</u>

The Committee participates in the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer plan, on behalf of its full time employees. The Plan is a defined benefit plan, which specifies the amount of the retirement benefit to be paid to employees bases on length of service and rate of pay. Employee contributions in 2008 totalled \$21,620 (in 2007 - \$20,571).

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 board will contribute \$9,355 per year for five years. Contributions to this reserve fund commenced in 2004.

Year Ended December 31	2008	2007
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**Committee of Management for
the Forest Hill Memorial Arena
Schedule of Pro Shop Operations**

Year Ended December 31

	2008	2007
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Sales

Pro shop	\$ 61,519	\$ 64,343
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Cost of goods sold	<u>27,169</u>	<u>30,052</u>
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Gross profit	\$ <u>34,350</u>	\$ <u>34,291</u>
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