



Grant Thornton

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GRANT THORNTON

Financial Statements

**Committee of Management for
the George Bell 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 the George Bell Arena

We have audited the balance sheet of **Committee of Management for the George Bell Arena** at December 31, 2008 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 **George Bell 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
February 27, 2009

Grant Thornton LLP

Chartered accountants
Licensed Public Accountants

Committee of Management for the George Bell Arena Balance Sheet

December 31

2008

2007

Assets

Current

Cash	\$ 33,580	\$ 56,957
Receivables - ice rentals and other	41,860	28,919
Prepays	535	535
Inventory	2,645	1,403
Due from City of Toronto - operating deficit (Note 3)	32,583	-
Recoverable from City of Toronto - energy retrofit (Note 4)	<u>46,959</u>	<u>-</u>
	158,162	87,814

Long term

Recoverable from City of Toronto - energy retrofit project costs (Note 4)	91,414	-
Due from City of Toronto - employee benefits (Note 5)	<u>294,209</u>	<u>294,140</u>
	\$ <u>543,785</u>	\$ <u>381,954</u>

Liabilities

Current

Payables and accruals		
- City of Toronto	\$ 38,485	\$ 9,323
- Other	26,418	36,134
Deferred revenue	31,300	27,357
Loan payable to City of Toronto - energy retrofit project costs (Note 6)	<u>46,959</u>	<u>-</u>
	143,162	72,814

Long term

City of Toronto - working cash advance	15,000	15,000
Employee benefits payable (Note 5)	294,209	294,140
Loan payable to City of Toronto - energy retrofit (Note 6)	<u>91,414</u>	<u>-</u>
	<u>400,623</u>	<u>309,140</u>
	\$ <u>543,785</u>	\$ <u>381,954</u>

Approved on behalf of the Committee of Management

 Chair

 Member

See accompanying notes to the financial statements.

**Committee of Management for the
George Bell Arena
Statement of Revenue and Expenditure**

Year Ended December 31

2008

2007

Revenue

Ice rentals	\$ 402,551	\$ 416,492
Summer floor rental	24,000	15,123
Snack bar and vending machine operations (Page 8)	11,197	12,357
Pro shop operations (Page 9)	-	(1,493)
Facility rentals	8,161	4,969
Other	4,643	3,665
Capital funding - energy retrofit	138,373	-
Funding from the City for employee related costs (Note 4)	69	(4,315)
	<u>588,994</u>	<u>446,798</u>

Expenditures

Salaries and wages	220,268	199,622
Employee benefits	68,735	66,807
Utilities	76,471	91,710
Maintenance and repairs	58,178	67,779
General administration	12,842	12,578
Insurance	9,736	9,529
Professional fees	5,567	5,574
Capital expenditures - energy retrofit	138,373	-
Employee related costs (Note 4)	69	(4,315)
	<u>590,239</u>	<u>449,284</u>

Receivable from City of Toronto	(1,245)	(2,486)
Energy retrofit program debt repayment	15,653	15,653
Vehicle and equipment replacement reserve (Note 5)	<u>9,355</u>	<u>9,355</u>
Deficit due from the City of Toronto	\$ <u>(26,253)</u>	\$ <u>(27,494)</u>

See accompanying notes to the financial statements.

Year Ended December 31

2007

Operating activities

Financing activity

Net (decrease) increase in cash

(23,377) 14,938

Cash, beginning of year

<u>56,957</u>	<u>42,019</u>
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Cash, end of year

\$ 33,580 **\$ 56,957**

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Committee of Management for the George Bell Arena

Notes to the Financial Statements

December 31, 2008

1. Establishment and operations

The George Bell 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. 21259, 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. Significant accounting policies

- (a) Revenues and expenditures are recorded on an accrual basis.
- (b) Inventories are valued at cost.
- (c) As per Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board (PSAB), capital assets are recorded as expenditures in the year of acquisition.
- (d) 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.
- (e) Ice rentals paid in advance are recoded as deferred revenue.
- (f) Services provided without charge by the City are not recorded in these financial statements.

3. Operating deficit receivable from (payable to) the City of Toronto

	<u>2008</u>	<u>2007</u>
The amount due from (to) the City of Toronto consists of the following:		
Balance, beginning of year	\$ (9,323)	\$ 19,223
Funds received adjusted	-	(10)
Insurance paid	-	(9,529)
Hydro credit due	-	489
Current year's operating deficit	26,253	27,494
Funds received during the year	-	(31,337)
Energy retrofit reclassified	<u>15,653</u>	<u>(15,653)</u>
Balance, end of year	\$ <u>32,583</u>	\$ <u>(9,323)</u>

Committee of Management for the George Bell Arena

Notes to the Financial Statements

December 31, 2008

4. Recoverable from the City of Toronto - energy retrofit (see also Note 6)

On March 7, 2006, the Arena signed a letter of Agreement with the City of Toronto for capital improvements, specifically an energy retrofit, of \$141,437. On completion of the project the City advised the Arena Board that the annual repayment to the City will be \$15,653 over 8.84 years for a total amount of \$138,373. This amount has been reported as both capital funding and an expense in 2008. Corresponding amounts has been recorded as funding to be received from the City of Toronto. This amount will be received from the City of Toronto when the energy retrofit loan payments of \$15,653 per year are expensed.

5. 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.

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, 2008.

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

	<u>2008</u>	<u>2007</u>
Long term disability benefits	\$ 355,846	\$ 368,857
Deduct: Unamortized actuarial loss	<u>61,637</u>	<u>74,717</u>
Employee benefit liability	\$ <u>294,209</u>	\$ <u>294,140</u>

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

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 294,140	\$ 298,455
Current service cost	6,348	6,207
Interest cost	16,611	17,171
Amortization of actuarial loss	13,080	7,472
Expected benefits paid	<u>(35,970)</u>	<u>(35,165)</u>
Balance, end of year	\$ <u>294,209</u>	\$ <u>294,140</u>

Committee of Management for the George Bell Arena

Notes to the Financial Statements

December 31, 2008

5. Employee-related liabilities (continued)

Expenditures in 2008 relating to employee benefits are included on the statement of operations and include the following components:

	<u>2008</u>	<u>2007</u>
Current services cost	\$ 6,348	\$ 6,207
Interest cost	16,611	17,171
Amortization of actuarial loss	<u>13,080</u>	<u>7,472</u>
	36,039	30,850
Less expected benefits paid during year	<u>(35,970)</u>	<u>(35,165)</u>
Total expenditures related to long term disability benefits	\$ <u>69</u>	\$ <u>(4,315)</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.

6. Loan payable to the City of Toronto - energy retrofit

The loan is non-interest bearing and repayable in annual instalments of \$15,653.

	<u>2008</u>	<u>2007</u>
City of Toronto - loan payable	\$ 138,373	\$ -
Less: Amount repayable within one year	<u>46,959</u>	<u>-</u>
	\$ <u>91,414</u>	\$ <u>-</u>

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 arena will contribute \$9,355 per year for the first five years for vehicle and equipment replacement reserve commencing in 2004.

8. Fair value of financial instruments

The carrying value of cash, accounts receivable, due from and to City of Toronto, accounts payable and accrued liabilities reflected in the balance sheet approximate their respective fair value, due to the relatively short term nature of the instruments and/or due to the interest rates on the borrowing.

**Committee of Management for the
George Bell Arena
Schedule of Snack Bar and Vending Machine Operations**

Year Ended December 31

2008

2007

Sales

Snack bar

\$ 53,429

\$ 48,695

Cost of goods sold

26,967

22,949

Gross profit

26,462

25,746

Direct expenses

Wages and benefits

15,265

13,389

Net profit

\$ 11,197

\$ 12,357

**Committee of Management for the
George Bell Arena
Schedule of Pro Shop Operations**

Year Ended December 31

2008

2007

Sales	\$ -	\$ 2,937
Cost of goods sold	<u>-</u>	<u>1,446</u>
Gross profit	-	1,491
Direct expenses		
Wages and benefits	<u>-</u>	<u>2,984</u>
Net (loss)	\$ <u>-</u>	\$ <u>(1,493)</u>