



**Grant Thornton**

TO BE SIGNED AND  
RETURNED TO  
GRANT THORNTON

Financial Statements

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

December 31, 2008

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# Grant Thornton

## Auditors' Report

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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, 2008 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, 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 12, 2009

*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

2008

2007

### Revenue

Ice rentals	\$ 479,522	\$ 455,908
City of Toronto - recovery of expenses (Note 6)	45,000	45,000
Gate receipts	41,840	44,003
Snack bar and vending machine operations (Schedule 1)	37,190	39,232
Pro shop operations (Schedule 2)	23,090	24,517
Arena floor rentals	800	5,250
Banquet room rentals	21,940	20,764
Advertising	5,000	6,000
Zamboni replacement – Contribution	9,355	9,355
	<u>663,737</u>	<u>650,029</u>

### Expenditures

Salaries and wages	331,893	323,620
Employee benefits	84,553	83,231
Utilities	122,700	127,232
Maintenance and repairs	64,278	58,893
General administration	32,768	30,859
Professional fees	5,250	3,950
Insurance	10,103	9,877
Furniture and equipment	2,550	2,964
	<u>654,095</u>	<u>640,626</u>

Operating surplus before reserve contribution	9,642	9,403
Vehicle and equipment reserve contribution (Note 7)	<u>9,355</u>	<u>9,355</u>
Excess of revenue over expenditures	\$ <u>287</u>	\$ <u>48</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 2008 2007

## Assets

### Current

Receivables	\$ 73,067	\$ 74,249
Inventories	<u>102,127</u>	<u>89,515</u>
	175,194	163,764

### Long term

Due from City of Toronto - employee benefits (Note 5)	<u>198,395</u>	<u>200,562</u>
	\$ <u>373,589</u>	\$ <u>364,326</u>

## Liabilities

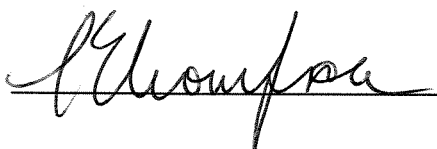
### Current

Bank indebtedness	\$ 35,237	\$ 7,171
Payables and accruals - City of Toronto	16,409	16,333
- Other	102,821	118,229
Deferred revenue	5,393	6,983
Operating surplus payable to City of Toronto (Note 4)	<u>335</u>	<u>48</u>
	160,195	148,764

### Long term

City of Toronto - working cash advance (Note 1)	15,000	15,000
Employee benefits payable (Note 5)	<u>198,395</u>	<u>200,562</u>
	\$ <u>373,590</u>	\$ <u>364,326</u>

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

**2008**

**2007**

Increase (decrease) in cash and short term deposits

**Operating activities**

Excess of revenue over expenditures	\$ 287	\$ 48
Receipts - City of Toronto	-	2,958
Zamboni contribution for the year to City of Toronto	-	9,355
	<u>287</u>	<u>12,361</u>
Change in operating working capital		
Receivables	1,182	2,279
Inventories	(12,612)	(16,990)
Payable and accruals		
City of Toronto	76	(7,301)
Other	(15,408)	3,333
Deferred revenue	(1,591)	(3,366)
	<u>(28,066)</u>	<u>(22,045)</u>

Decrease in cash (28,066) (9,684)

Cash, beginning of year (7,171) 2,513

(Bank indebtedness), end of year \$ (35,237) \$ (7,171)

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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, 2008

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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.

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.

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### **2. 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.

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# Committee of Management for the North Toronto Memorial Arena

## Notes to the Financial Statements

December 31, 2008

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### 2. 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, 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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### 3. Operating surplus (deficit) payable (receivable) from the City of Toronto

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

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 48	\$ (12,313)
Current year's operating deficit	287	48
Receipts	-	2,958
Zamboni contribution for the year	<u>-</u>	<u>9,355</u>
Balance, end of year	\$ <u>335</u>	\$ <u>48</u>

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### 4. 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.

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, 2008. The actuarial valuation has resulted in an actuarial gain of \$185,791 which is being amortized over 10 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>2008</u>	<u>2007</u>
Contribution of benefits to disabled employees	\$ 3,139	\$ 1,559
Income benefits	9,465	4,789
Add: Unamortized actuarial gain	<u>185,791</u>	<u>194,214</u>
Employee benefit liability	\$ <u>198,395</u>	\$ <u>200,562</u>



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## Committee of Management for the North Toronto Memorial Arena

### Notes to the Financial Statements

December 31, 2008

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#### 4. Employee-related liabilities (continued) 2008 2007

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

Balance, beginning of year	\$ 200,562	\$ 213,851
Current service cost	6,348	6,207
Interest cost	575	290
Amortization of actuarial (gain)	(8,423)	(19,421)
Expected benefits paid	<u>(667)</u>	<u>(365)</u>
Balance, end of year	\$ <u>198,395</u>	\$ <u>200,562</u>

Expenditures in 2008 relating to employee benefits include the following components:

	<u>2008</u>	<u>2007</u>
Current service cost	\$ 6,348	\$ 6,207
Interest cost	575	290
Amortization of actuarial (gain)	<u>(8,423)</u>	<u>(19,421)</u>
	(1,500)	(12,924)
Less expected benefits paid during year	<u>(667)</u>	<u>(365)</u>
Total expenditures related to employee benefits	\$ <u>(2,167)</u>	\$ <u>(13,289)</u>

A long term receivable of \$198,395 (2007 - \$200,562) has resulted from recording benefits for 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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#### 5. 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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#### 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.

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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

**2008**

**2007**

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**Sales**

Snack bar and vending machine	<b>\$ 113,697</b>	<b>\$ 123,914</b>
Less: Cost of goods sold	<u><b>49,863</b></u>	<u><b>55,609</b></u>
	<u><b>63,834</b></u>	<u><b>68,305</b></u>

**Direct expenses**

Wages	<b>26,377</b>	<b>28,950</b>
Maintenance	<u><b>267</b></u>	<u><b>123</b></u>
	<u><b>26,644</b></u>	<u><b>29,073</b></u>
	<b>\$ 37,190</b>	<b>\$ 39,232</b>

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

Year Ended December 31

**2008**

**2007**

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**Sales**

Pro shop	\$ 60,731	\$ 70,732
Less: Cost of goods sold	<u>32,894</u>	<u>41,143</u>
	<u>27,837</u>	<u>29,589</u>

**Direct expenses**

Wages	3,821	4,400
Equipment maintenance	<u>926</u>	<u>672</u>
	<u>4,747</u>	<u>5,072</u>
	\$ <u>23,090</u>	\$ <u>24,517</u>