



Grant Thornton

Financial Statements

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

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 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, 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 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, 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
August 31, 2009

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

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

Year Ended December 31

2008

2007

Revenue		
Arena	\$ 490,197	\$ 455,472
Pool	196,471	219,011
Banquet/Meeting Room	96,978	95,426
Snack Bar	46,045	45,084
Vending	7,362	10,928
Miscellaneous	12,564	15,107
Parking	4,688	3,087
	<u>854,305</u>	<u>844,115</u>
Expenditure		
Arena	332,628	323,480
Pool	125,167	148,160
Banquet/Meeting Room	47,411	57,050
Snack Bar	40,735	37,759
Vending	5,539	6,284
Allocations	310,018	292,290
	<u>861,498</u>	<u>865,023</u>
Deficiency of revenue over expenditure before the following	(7,193)	(20,908)
Vehicle and equipment reserve contribution (Note 9)	(9,355)	(9,355)
Debt repayment - principal	(3,278)	(12,807)
- interest	(148)	(724)
	<u>(19,974)</u>	<u>(43,794)</u>
Net deficiency	\$ (19,974)	\$ (43,794)

See accompanying notes to the financial statements.

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

December 31 2008 2007

Assets

Current

Cash and short term deposits	\$ 208,068	\$ 151,739
Receivables	65,923	75,548
Inventories	5,506	3,421
Operating deficit due from the City of Toronto (Note 3)	<u>157,114</u>	<u>182,101</u>
	436,611	412,809

Other

Amounts to be recovered - City of Toronto (Note 4)	<u>116,742</u>	<u>124,837</u>
	\$ 553,353	\$ 537,646

Liabilities

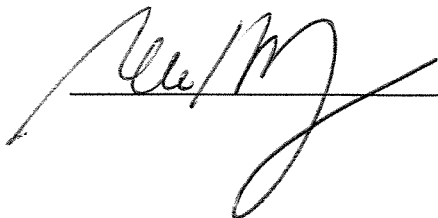
Current

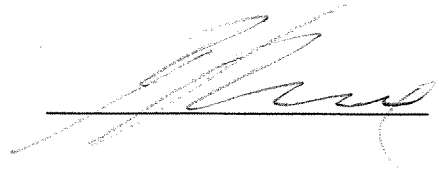
Payables and accruals		
City of Toronto	\$ 310,681	\$ 283,148
Other	77,496	78,954
Deposits	6,639	8,912
Current portion of long term debt (Note 5)	<u>-</u>	<u>3,278</u>
	394,816	374,292

Long term

Unamortized actuarial gain (Note 6)	143,411	155,736
Employee benefits payable (Note 6)	<u>15,126</u>	<u>7,618</u>
	\$ 553,353	\$ 537,646

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

2008

2007

Increase (decrease) in cash and short term investments

Operating activities		
Net deficiency	\$ <u>(19,974)</u>	\$ <u>(43,794)</u>
Increase (decrease) resulting from changes in:		
Receivables	9,625	(23,044)
Inventories	(2,085)	415
Operating deficit due from the City of Toronto	44,961	52,132
Payables and accruals - City of Toronto	27,533	(362,464)
- Other	(1,458)	(3,029)
Deposits	(2,273)	(3,697)
Current portion of long term debt	(3,278)	(9,529)
Amounts to be recovered - City of Toronto	8,095	21,022
Employee benefits payable	7,508	(119,681)
Unamortized actuarial gain	(12,325)	111,466
Long term debt	-	(3,278)
	<u>76,303</u>	<u>(339,687)</u>
Net increase (decrease) in cash and short term investments	56,329	(383,481)
Cash and short term investments, beginning of year	<u>151,739</u>	<u>535,220</u>
Cash and short term investments, end of year	\$ <u>208,068</u>	\$ <u>151,739</u>

See accompanying notes to the financial statements.

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

December 31, 2008

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. 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.

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.

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

December 31, 2008

2. Significant accounting policies (continued)

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.

3. Operating deficit due from the City of Toronto

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

	<u>2008</u>	<u>2007</u>
2002 operating deficit due, as restated	\$ 178,906	\$ 178,906
2007 deficit	43,794	43,794
2007 advance	(92,760)	(92,760)
Current year's operating deficit	19,974	-
Deficit advance for current year	(44,961)	-
Adjustment to 2004 deficit due to change in accounting policy	9,355	9,355
Adjustment to 2006 deficit due to change in accounting policy	449	449
Loan payments made for 2003 and 2006	<u>42,357</u>	<u>42,357</u>
	<u>\$ 157,114</u>	<u>\$ 182,101</u>

4. Amounts to be recovered - City of Toronto

	<u>2008</u>	<u>2007</u>
Capital outlay financed by long-term debt and to be recovered in future years	\$ -	\$ 3,278
Employee benefits - post-retirement benefits	96,742	101,559
Expansion	<u>20,000</u>	<u>20,000</u>
	<u>\$ 116,742</u>	<u>\$ 124,837</u>

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

December 31, 2008

4. Amounts to be recovered - City of Toronto (continued)

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.

5. Long term debt	<u>2008</u>	<u>2007</u>
City of Toronto - loan payable	\$ -	\$ 3,278
Less: Amount payable within one year	<u>-</u>	<u>3,278</u>
	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2008, long term debt consists of \$Nil (2007 - \$3,278) of future annual principal payments.

The loan bears interest at the prime rate as at January 1 of each year.

6. 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 \$92,926 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, 2008. The actuarial valuation has resulted in an actuarial gain of \$143,411 which is being amortized on a straight-line basis over 10 years.

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

December 31, 2008

6. Employee benefits (continued)

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

	<u>2008</u>	<u>2007</u>
Continuation of benefits to disabled employees	\$ 3,766	\$ 1,871
Income benefits	<u>11,358</u>	<u>5,747</u>
	15,124	7,618
Add: Unamortized actuarial gain	<u>143,411</u>	<u>155,736</u>
Employee benefit liability	\$ <u>158,535</u>	\$ <u>163,354</u>

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

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 163,352	\$ 171,569
Current service cost	7,618	7,449
Interest cost	690	348
Amortization of actuarial gain	(12,325)	(15,574)
Expected benefits paid	<u>(800)</u>	<u>(438)</u>
Balance, end of year	\$ <u>158,535</u>	\$ <u>163,354</u>

Expenditures in 2008 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>2008</u>	<u>2007</u>
Current service cost	\$ 7,618	\$ 7,449
Interest cost	690	348
Amortization of actuarial gain	<u>(12,325)</u>	<u>(15,574)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>(4,017)</u>	\$ <u>(7,777)</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.

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

December 31, 2008

6. Employee benefits (continued)

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.

7. 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 \$148 (2007 - \$724).

8. 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, 2008, \$196,471 (2007 - \$219,011) 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.

9. 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.

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

December 31, 2008

10. 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. Total cost of the project is estimated at \$11 million.

11. 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.

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

Year Ended December 31	2008	2007
Revenue		
Arena ice rental	\$ 476,177	\$ 439,537
Dasher board rental	<u>14,020</u>	<u>15,935</u>
	<u>490,197</u>	<u>455,472</u>
Expenditure		
Wages	161,420	153,249
Equipment repairs and maintenance	4,070	5,348
Building repairs and maintenance	41,718	33,052
Ice resurfacers	10,233	16,316
Hydro	70,858	72,398
Gas	<u>44,329</u>	<u>43,117</u>
	<u>332,628</u>	<u>323,480</u>
Allocated expenses		
Garbage removal	1,861	-
Office/management salaries	108,988	105,212
Office supplies	9,984	9,601
Telephone/fax	3,083	2,948
Advertising/promotion	-	284
Bank service charges	367	405
Travel expense	2,319	2,487
Employee benefits	60,132	55,362
Workers' Compensation	-	3,851
General supplies	1,171	1,773
Security	1,974	3,133
Professional fees	8,749	3,627
Weekend paging	2,401	2,516
Insurance	8,168	8,043
Uniforms	2,666	2,059
Professional upgrade	1,683	380
Bad debt	<u>366</u>	<u>-</u>
	<u>213,912</u>	<u>201,681</u>
	<u>546,540</u>	<u>525,161</u>
Deficit before the following	(56,343)	(69,689)
Vehicle and equipment reserve contributions (Note 10)	(9,355)	(9,355)
Debt repayment	(3,278)	(9,349)
Interest	<u>(148)</u>	<u>(499)</u>
Net deficit	\$ <u>(69,124)</u>	\$ <u>(88,892)</u>

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

Year Ended December 31

2008

2007

Revenue		
Pool	\$ <u>196,471</u>	\$ <u>219,011</u>
Expenditure		
Wages	56,381	54,116
Building repairs and maintenance	24,576	27,853
Shop supplies	5,811	5,571
Hydro	27,828	30,883
Gas	<u>10,571</u>	<u>29,737</u>
	<u>125,167</u>	<u>148,160</u>
Allocated expenses		
Garbage removal	620	-
Office/management salaries	36,329	35,071
Office supplies	3,328	3,201
Telephone/fax	1,028	983
Advertising/promotion	-	95
Bank service charges	122	135
Travel expense	773	829
Employee benefits	20,044	18,454
Workers' Compensation	-	1,283
General supplies	390	591
Security	658	1,045
Professional fees	2,917	1,209
Weekend paging	800	838
Insurance	2,723	2,681
Uniforms	889	686
Professional upgrade	561	126
Bad debt	<u>122</u>	<u>-</u>
	<u>71,304</u>	<u>67,227</u>
	<u>196,471</u>	<u>215,387</u>
Surplus before following	-	3,624
Debt repayment	-	(3,458)
Interest	-	(166)
Net surplus	\$ <u>-</u>	\$ <u>-</u>

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

Year Ended December 31

2008

2007

Revenue		
Banquet/meeting room	\$ <u>96,978</u>	\$ <u>95,426</u>
Expenditure		
Food and bar purchases	309	322
Other purchases	2,987	7,145
Wages - full time	17,724	17,724
Wages - part time	4,747	8,711
Building repairs and maintenance	9,843	12,730
Hydro	7,135	7,283
Equipment repairs and maintenance	143	-
Advertising and promotion	<u>4,523</u>	<u>3,135</u>
	<u>47,411</u>	<u>57,050</u>
Allocated expenses		
Garbage removal	216	-
Office/management salaries	12,636	12,198
Office supplies	1,158	1,113
Telephone/fax	357	341
Advertising/promotion	-	32
Bank service charges	43	47
Travel expense	269	289
Employee benefits	6,972	6,418
Workers' Compensation	-	447
General supplies	136	205
Security	229	363
Professional fees	1,014	421
Weekend paging	279	292
Insurance	947	933
Uniforms	309	239
Professional upgrade	195	44
Bad debt	<u>42</u>	<u>-</u>
	<u>24,802</u>	<u>23,382</u>
	<u>72,213</u>	<u>80,432</u>
Surplus before following	24,765	14,994
Interest	<u>-</u>	<u>59</u>
Net surplus	\$ <u>24,765</u>	\$ <u>14,935</u>

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

Year Ended December 31	2008	2007
Revenue		
Snack bar/snack vending	\$ <u>46,045</u>	\$ <u>45,084</u>
Expenditure		
Snack bar/snack vending	24,294	24,776
Wages	<u>16,441</u>	<u>12,983</u>
	<u>40,735</u>	<u>37,759</u>
Net surplus	\$ <u>5,310</u>	\$ <u>7,325</u>

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

Year Ended December 31

2008

2007

Revenue		
Vending	\$ 7,362	\$ 10,928
Sign rental	2,550	3,130
Mediacom sign revenue	8,108	7,872
Parking lot revenue	4,688	3,087
Miscellaneous income	158	(4)
Interest income	<u>1,748</u>	<u>4,109</u>
	24,614	29,122
Expenditure		
Vending purchases	<u>5,539</u>	<u>6,284</u>
Net surplus	\$ <u>19,075</u>	\$ <u>22,838</u>