



Financial Statements

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

December 31, 2009

Contents

	Page
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9
Schedule of Snack Bar and Vending Machine Operations	10
Schedule of Pro Shop Operations	11
Schedule of Tangible Capital Assets	12



Grant Thornton

Auditors' Report

Grant Thornton LLP
Royal Bank Plaza
19th Floor, South Tower
200 Bay Street, Box 55
Toronto, ON
M5J 2P9
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

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 statement of financial position of the **Forest Hill Memorial Arena** as at December 31, 2009 and the statements of operations, 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 **Forest Hill Memorial Arena** as at December 31, 2009 and the results of its operations, net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
May 12, 2010

Grant Thornton LLP

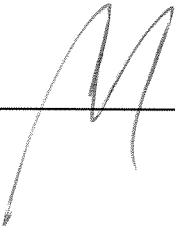

Chartered Accountants
Licensed Public Accountants

**Committee of Management for
the Forest Hill Memorial Arena
Statement of Financial Position**

December 31	2009	2008
Financial assets		
Cash	\$ 97,742	\$ 24,623
Operating deficit due from City of Toronto (Note 4)	2,134	8,910
Receivables - Ice rentals and other	74,251	71,455
Inventories	39,888	42,389
Receivable - City of Toronto (Note 5)	<u>14,640</u>	<u>14,907</u>
	<u>228,655</u>	<u>162,284</u>
Liabilities		
Payables and accruals - City of Toronto (Note 3)	26,360	22,594
- Other	136,556	76,794
Deferred revenue	41,099	37,989
Employee benefits payable (Note 5)	14,640	14,907
City of Toronto - working capital advance	<u>10,000</u>	<u>10,000</u>
	<u>228,655</u>	<u>162,284</u>
Net financial assets	-	-
Non-financial assets		
Tangible capital assets net (Page 12)	<u>5,708</u>	-
Accumulated capital surplus	<u>\$ 5,708</u>	<u>\$ -</u>

Contingency (Note 8)

Approved on behalf of the Committee of Management


 _____ Chair
 
 _____ Member

See accompanying notes to the financial statements.

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

Year Ended December 31	2009	2008
Revenue		
Ice rentals	\$ 816,092	\$ 735,300
City of Toronto - funding for employee related costs	-	7,525
Snack bar and vending machine operations (Page 10)	55,245	53,953
Pro shop operations (Page 11)	34,114	34,350
Interest	-	6
Other	19,982	38,671
	<u>925,433</u>	<u>869,805</u>
Expenditure		
Salaries and wages	445,447	449,018
Employee benefits	108,355	109,385
Amortization	1,427	-
Utilities	174,425	160,792
Maintenance and repairs	135,226	110,956
General administration	22,817	25,558
Insurance	10,313	10,286
Furniture and equipment	-	2,206
Professional fees	4,940	4,750
	<u>902,950</u>	<u>872,951</u>
Net revenue (expenditure)	22,483	(3,146)
Vehicle and equipment reserve contribution (Note 6)	(10,000)	(9,355)
Net revenue payable to the City of Toronto	<u>(6,775)</u>	<u>(12,501)</u>
Annual capital surplus	5,708	-
Opening accumulated capital surplus	<u>-</u>	<u>-</u>
Ending accumulated capital surplus	\$ <u>5,708</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

**Committee of Management for the
Forest Hill Memorial Arena
Statement of Net Assets**

Year Ended December 31	2009	2008
Annual capital surplus	\$ 5,708	\$ -
Acquisition of tangible capital assets	(7,135)	-
Amortization of tangible capital assets	<u>1,427</u>	<u>-</u>
Change in net financial assets	-	-
Net financial assets (liabilities), beginning of year	<u>-</u>	<u>-</u>
Net financial assets (liabilities), end of year	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

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

Year Ended December 31

2009

2008

Increase (decrease) in cash and short term deposits

Cash flows from operating transactions

Annual capital surplus	\$ 5,708	\$ -
Non-cash charges to operations		
Amortization	1,427	-
Receivables – Ice Rentals	(2,796)	6,498
Inventories	2,501	2,689
Payable and accruals - City of Toronto	3,766	(1,015)
- Other	59,762	(55,855)
Net revenue payable to - City of Toronto	6,775	(12,501)
Deferred revenue	3,110	11,133
	<u>80,253</u>	<u>(49,051)</u>
Purchase of capital assets	<u>(7,134)</u>	-
Net increase (decrease) in cash	73,119	(49,051)
Cash, beginning of year	<u>24,623</u>	<u>73,674</u>
Cash, end of year	\$ <u>97,742</u>	\$ <u>24,623</u>

See accompanying notes to the financial statements.

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

December 31, 2009

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.

Capital assets

Tangible capital assets - any acquisitions are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment - 5 years straight-line

The Arena acquired capital assets from the date of establishment to 2008. During this period, it was the Arena's policy to expense these purchases in the period acquired. Commencing January 2009, Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board required entities to retroactively record these purchases as capital assets and amortize them over their useful lives, except in those circumstances where the necessary financial information was not reasonably determinable. As

Committee of Management for the Forest Hill Memorial Arena

Notes to the Financial Statements

December 31, 2009

2. Summary of significant accounting policies (continued)

Capital assets (continued)

the Arena could not readily determine the financial information necessary to retroactively record capital assets, all capital asset purchases prior to 2009 have been recorded at a nominal amount and all capital assets acquired subsequent are being capitalized and amortized in accordance with the Arena's policies

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.

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

2009

2008

The amount due to the City of Toronto consists of the following:

Light and power	\$ <u>26,360</u>	\$ <u>22,594</u>
-----------------	------------------	------------------

4. Operating surplus due (from) to the City of Toronto

2009

2008

The amount due to the City of Toronto consists of the following:

Balance, beginning of year	\$ (8,910)	\$ 3,591
Current year's operating surplus	12,483	(12,501)
Paid during the current year	<u>(5,707)</u>	<u>-</u>
Balance, end of year	\$ <u>(2,134)</u>	\$ <u>(8,910)</u>

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

December 31, 2009

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 in 2009 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2009.

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.

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

	<u>2009</u>	<u>2008</u>
Continuation of benefits to disabled employees	\$ -	\$ 3,766
Income benefits	-	11,358
Unamortized actuarial loss	<u>14,640</u>	<u>(217)</u>
	\$ <u>14,640</u>	\$ <u>14,907</u>

The continuity of the accrued benefit obligation during 2009 is as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 14,907	\$ 7,382
Current service cost	-	7,618
Interest cost	(969)	17
Amortization of actuarial loss	702	690
Expected benefits paid	<u>-</u>	<u>(800)</u>
	\$ <u>14,640</u>	\$ <u>14,907</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 based on length of service and rate of pay. Employee contributions in 2009 totalled \$21,620 (in 2008 - \$20,743).

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

December 31, 2009

6. Vehicle and equipment replacement reserve

This reserve represents contributions made to the City of Toronto 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 2004. In 2009, the City of Toronto increased the contribution amount to \$10,000.

7. 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.

8. Contingency

The Centre has a wrongful dismissal claim for which the potential loss has not been recorded in the financial statements as the outcome is not determinable at this time.

**Committee of Management for
the Forest Hill Memorial Arena
Schedule of Snack Bar and Vending Machine Operations**

Year Ended December 31

2009

2008

Sales

Snack bar	\$ 100,284	\$ 100,313
Vending machine	<u>5,097</u>	<u>4,427</u>
	105,381	104,740
Cost of goods sold	<u>50,136</u>	<u>50,787</u>
Gross profit	\$ <u>55,245</u>	\$ <u>53,953</u>

**Committee of Management for
the Forest Hill Memorial Arena
Schedule of Pro Shop Operations**

Year Ended December 31 2009 2008

Sales		
Pro shop	\$ 57,143	\$ 61,519
Cost of goods sold	<u>23,028</u>	<u>27,169</u>
Gross profit	\$ <u>34,115</u>	\$ <u>34,350</u>

**Committee of Management for
The Forest Hill Memorial Arena
Schedule of Tangible Capital Assets**

Year Ended December 31, 2009

	Furniture and Equipment	<u>2009</u>	<u>2008</u>
Cost			
Balance, beginning of year	\$ 1	\$ 1	\$ 1
Add: Additions during the year	7,134	7,134	-
Less: Disposals during the year	<u>-</u>	<u>-</u>	<u>-</u>
	<u>7,135</u>	<u>7,135</u>	<u>1</u>
Accumulated amortization			
Balance, beginning of year	1	1	1
Add: Amortization during the year	1,426	1,426	-
Less: Amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,427</u>	<u>1,427</u>	<u>1</u>
	<u>\$ 5,708</u>	<u>\$ 5,708</u>	<u>\$ -</u>