



Financial Statements

Committee of Management for the Ted Reeve
Community Arena

December 31, 2009

Contents

	Page
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 9
Snack Bar and Vending Machine Operations - Schedule 1	10
Contracted Services – Outdoor Rink - Schedule 2	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
the Ted Reeve Community Arena**

We have audited the statement of financial position of the **Committee of Management for the Ted Reeve Community 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 Arena as at December 31, 2009 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
April 26, 2010


Grant Thornton LLP

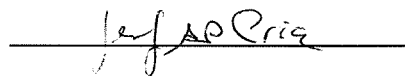
Chartered Accountants
Licensed Public Account

**Committee of Management for the
Ted Reeve Community Arena
Statement of Financial Position**

December 31	2009	2008 (As restated Note 3)
Financial Assets		
Cash	\$ 132,677	\$ 120,728
Receivables	87,132	55,627
Inventories	6,816	6,070
Future energy retrofit savings (Note 3)	<u>31,965</u>	<u>38,358</u>
	<u>258,590</u>	<u>220,783</u>
Liabilities		
Payables and accruals		
- City of Toronto (Note 4)	105,009	60,031
- Other	66,623	59,941
Deferred revenue (Note 5)	39,993	47,453
City of Toronto - Working cash advance (Note 1)	15,000	15,000
- Energy retrofit loan (Note 6)	<u>31,965</u>	<u>38,358</u>
	<u>258,590</u>	<u>220,783</u>
Net financial assets	-	-
Non-financial assets		
Tangible capital assets (net) (Schedule – page 12)	<u>41,487</u>	-
	<u>41,487</u>	-
Accumulated Surplus	\$ <u>41,487</u>	\$ -

Approved on behalf of the Committee of Management

 Chair

 Treasurer

**Committee of Management for the
Ted Reeve Community Arena
Statement of Operations**

Year Ended December 31	2009	2008
		(As restated Note 3)
Revenue		
Ice rentals	\$ 516,756	\$ 509,476
Snack bar and vending machine operations (Schedule 1 – page 10)	29,782	39,912
Contracted services - outdoor rink (Schedule 2 – page 11)	25,000	24,000
Lacrosse rentals	22,964	18,008
Other	<u>25,621</u>	<u>12,263</u>
	<u>620,123</u>	<u>603,659</u>
Expenditures		
Salaries and wages	291,199	265,873
Employee benefits	57,605	22,444
Utilities	106,194	108,807
Maintenance and repairs	63,850	91,548
General administration	22,583	25,897
Insurance	10,062	10,068
Professional fees	4,015	9,575
Furniture and equipment	-	50,975
Amortization	<u>5,529</u>	<u>-</u>
	<u>561,037</u>	<u>585,187</u>
Net revenue	59,086	18,472
Vehicle and equipment replacement reserve contribution	(10,000)	(9,355)
Energy retrofit loan repayment	(6,393)	(6,393)
Net revenue (payable to) the City of Toronto (Note 4)	<u>(1,206)</u>	<u>(2,724)</u>
Annual Surplus	41,487	-
Opening accumulated surplus	<u>-</u>	<u>-</u>
Ending accumulated surplus	<u>\$ 41,487</u>	<u>\$ -</u>

**Committee of Management for the
Ted Reeve Community Arena
Statement of Net Assets**

Year Ended December 31	2009	2008
		(As restated Note 3)
Annual surplus	\$ 41,487	\$ -
Acquisition of tangible capital assets	(47,016)	-
Amortization of tangible capital assets	<u>5,529</u>	<u>-</u>
Change in net financial assets	-	-
Net financial assets, beginning of year	<u>-</u>	<u>-</u>
Net financial assets, end of year	\$ <u>-</u>	\$ <u>-</u>

**Committee of Management for the
Ted Reeve Community Arena
Statement of Cash Flows**

Year Ended December 31

2009

2008

(As restated
Note 3)

Increase (decrease) in cash and short term deposits

Cash flows from operating transactions

Annual surplus	\$ 41,487	\$ -
Non-cash charges to operations		
Amortization	5,529	-
Receivables	(31,505)	(2,837)
Inventories	(746)	330
Payable to the City of Toronto	44,978	(2,397)
Payables and accruals	6,682	(23,539)
Deferred revenue	<u>(7,460)</u>	<u>(7,208)</u>
Cash provided (used) by operating transactions	<u>58,965</u>	<u>(35,651)</u>

Capital transactions

Purchase of tangible capital assets	<u>(47,016)</u>	-
Cash used in capital transactions	<u>(47,016)</u>	-
Net increase (decrease) in cash	11,949	(35,651)
Cash, beginning of year	<u>120,728</u>	<u>156,379</u>
Cash, end of year	<u>\$ 132,677</u>	<u>\$ 120,728</u>

Committee of Management for the Ted Reeve Community Arena

Notes to the Financial Statements

December 31, 2009

1. Establishment and operations

Ted Reeve Community 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. 318-71, 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. 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 included the following:

Revenue recognition

Revenues and expenditures are recorded on an accrual basis.

Inventories

Inventories are valued at cost.

Furniture and equipment

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

Computer equipment	- 3 years straight-line
Furniture and equipment	4 - 10 years straight-line

Prior to 2009, it was the Arena's policy to expense purchases of capital assets in the period acquired. Commencing January 2009, Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board requires entities to record these purchases as capital assets and amortize them over their useful lives. The implementation of these policies has resulted in the Arena changing its method of accounting for tangible capital assets from expensing them when purchased to capitalizing and amortizing them over their estimated useful lives.

Committee of Management for the Ted Reeve Community Arena Notes to the Financial Statements

December 31, 2009

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, 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.

3. Future energy retrofit savings (see also Note 6)

On February 22, 2006, the Arena signed a letter of Agreement with the City of Toronto for capital improvements, specifically an energy retrofit, of \$274,543. On completion of the project the City advised the Arena Board that the annual repayment to the City will be \$33,645 over 8.16 years for a total amount of \$274,543. This amount was reported as both capital funding and as an expense in 2007. In 2010 the City determined that the savings from the retrofit would be less than originally anticipated. The amounts due from the City and the loan payable was restated in 2009 to correspond to the revised projected savings of \$51,144.

4. Payables to the City of Toronto

The net amount payable to the City of Toronto consist of the following:

	<u>2009</u>	<u>2008</u>
Hydro	\$ 44,140	\$ 9,105
Health benefits	2,344	-
Prior year's operating surplus-2007 (as restated)	27,252	27,252
Prior year's operating deficit-2008	2,724	-
Current year's operating surplus	1,206	2,724
Vehicle and equipment reserve advance	8,164	8,164
Energy retrofit debt payments due	<u>19,179</u>	<u>12,786</u>
Net payable to the City	\$ <u>105,009</u>	\$ <u>60,031</u>

Committee of Management for the Ted Reeve Community Arena

Notes to the Financial Statements

December 31, 2009

5. Deferred revenue

Deferred revenue consists of amounts received in advance for the follows:

	<u>2009</u>	<u>2008</u>
Advertising	\$ -	\$ -
Ice rentals	17,826	25,286
Donations	<u>22,167</u>	<u>22,167</u>
	<u>\$ 39,993</u>	<u>\$ 47,453</u>

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

This amount represents a long-term payable to City for the energy retrofit work done. It is anticipated that the Arena would save adequate utility costs over the term of the contract to generate adequate cash flow to repay this project cost to City.

The loan is non-interest bearing and repayable in annual instalments of \$6,393. The amounts due for 2007 to 2010 of \$25,572 will be repaid in 2010.

	<u>2009</u>	<u>2008</u>
City of Toronto - loan payable	<u>\$ 31,965</u>	<u>\$ 38,358</u>

7. Vehicle and equipment replacement reserve

This reserve represents contributions made to the City for the financing of replacement ice resurface machines required by the Arena Boards in future years. The Board is required to contribute \$9,355 per year for the first five years for the vehicle and equipment reserve commencing 2004. In 2009 the City of Toronto increased the contribution to \$10,000.

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
Ted Reeve Community Arena
Notes to the Financial Statements**

December 31, 2009

9. Outdoor rink

In 2003, the City of Toronto in conjunction with the Committee signed an agreement with Sports Centre Design & Management to operate and manage a permanent outdoor ice rink. The Committee provides the services of certain management, administrative, maintenance and operation staff members. Monthly the Sports Centre is required to reimburse the Committee for utility costs and the wage and employee benefits costs for maintenance and operation staff members. In addition, the Sports Centre is also required to pay to the Committee \$24,000 (adjusted annually) for administration and the General Managers services.

10. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

**Committee of Management for the
Ted Reeve Community Arena
Snack Bar and Vending Machine Operations**

Schedule 1
2009 2008

Year Ended December 31

2009

2008

Sales

Snack bar	\$ 86,286	\$ 96,369
Vending machine	<u>16,514</u>	<u>19,355</u>
	102,800	115,724
Less: Cost of goods sold	<u>47,266</u>	<u>50,082</u>
Gross profit	55,534	65,642
Direct expenses		
Wages and benefits	<u>25,752</u>	<u>25,730</u>
Net profit	\$ <u>29,782</u>	\$ <u>39,912</u>

**Committee of Management for the
Ted Reeve Community Arena
Contracted Services – Outdoor Rink**

Schedule 2

Year Ended December 31

2009

2008

Revenue

Administration	\$ 25,000	\$ 24,000
Recovery of expenses	<u>127,914</u>	<u>107,906</u>
	<u>152,914</u>	<u>131,906</u>

Expenditure

Wages	50,800	48,163
Employee benefits	7,564	4,458
Utilities	43,107	33,841
Maintenance and repairs	13,541	9,137
Miscellaneous	<u>12,902</u>	<u>12,307</u>
	<u>127,914</u>	<u>107,906</u>

Net revenue	\$ <u>25,000</u>	\$ <u>24,000</u>
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**Committee of Management for the
Ted Reeve Community Arena
Schedule of Tangible Capital Assets**

Year Ended December 31, 2009

	Furniture and <u>Equipment</u>	<u>2009</u>	<u>2008</u>
Cost			
Balance, beginning of year	\$ 1	\$ 1	\$ 1
Add: Additions during the year	<u>47,016</u>	<u>47,016</u>	<u>-</u>
	<u>47,017</u>	<u>47,017</u>	<u>1</u>
Accumulated amortization			
Balance, beginning of year	1	1	1
Add: Amortization during the year	<u>5,529</u>	<u>5,529</u>	<u>-</u>
	<u>5,530</u>	<u>5,530</u>	<u>1</u>
	<u>\$ 41,487</u>	<u>\$ 41,487</u>	<u>\$ -</u>