Financial Statements

Committee of Management for the Ted Reeve Community Arena

December 31, 2008
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Auditors’ Report

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 balance sheet of the Committee of Management for the Ted Reeve Community Arena as at December 31, 2008 and the statements of revenue and expenditure, 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes only and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Toronto, Ontario
May 6, 2009

Chartered Accountants
Licensed Public Account
Committee of Management for the
Ted Reeve Community Arena
Balance Sheet
December 31 2007 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$120,728</td>
<td>$156,379</td>
</tr>
<tr>
<td>Receivables</td>
<td>101,917</td>
<td>52,790</td>
</tr>
<tr>
<td>Inventories</td>
<td>6,070</td>
<td>6,400</td>
</tr>
<tr>
<td></td>
<td>228,715</td>
<td>215,569</td>
</tr>
<tr>
<td>Long term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future energy retrofit savings (Note 3)</td>
<td>207,253</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$435,968</td>
<td>$215,569</td>
</tr>
</tbody>
</table>

| **Liabilities**   |         |         |
| Current           |         |         |
| Payables and accruals |       |         |
| - City of Toronto (Note 4) | $106,321 | $62,428 |
| - Other           | 59,941  | 83,480  |
| Deferred revenue (Note 5) | 47,453 | 54,661 |
|                   | 213,715 | 200,569 |
| Long term         |         |         |
| City of Toronto   |         |         |
| - Working cash advance (Note 1) | 15,000  | 15,000  |
| - Energy retrofit (Note 6) | 207,253 | - |
|                   | $435,968| $215,569|

Approved on behalf of the Committee of Management

[Signatures]

See accompanying notes to the financial statements.
Committee of Management for the  
Ted Reeve Community Arena  
Statement of Revenue and Expenditure  
Year Ended December 31 

<table>
<thead>
<tr>
<th></th>
<th>Budget (Unaudited)</th>
<th>Actual</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ice rentals</td>
<td>$ 468,000</td>
<td>$ 509,476</td>
<td>$ 468,209</td>
</tr>
<tr>
<td>Snack bar and vending machine operations (Schedule 1)</td>
<td>34,500</td>
<td>39,912</td>
<td>41,067</td>
</tr>
<tr>
<td>Contracted services - outdoor rink (Schedule 2)</td>
<td>30,000</td>
<td>24,000</td>
<td>24,000</td>
</tr>
<tr>
<td>Lacrosse rentals</td>
<td>17,000</td>
<td>18,008</td>
<td>13,246</td>
</tr>
<tr>
<td>Other</td>
<td>9,000</td>
<td>12,263</td>
<td>17,781</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>558,500</strong></td>
<td><strong>603,659</strong></td>
<td><strong>564,303</strong></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>291,850</td>
<td>265,873</td>
<td>257,636</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>53,200</td>
<td>22,444</td>
<td>24,966</td>
</tr>
<tr>
<td>Utilities</td>
<td>88,500</td>
<td>108,807</td>
<td>97,668</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>52,400</td>
<td>91,548</td>
<td>109,548</td>
</tr>
<tr>
<td>General administration</td>
<td>11,250</td>
<td>25,897</td>
<td>11,059</td>
</tr>
<tr>
<td>Insurance</td>
<td>10,000</td>
<td>10,068</td>
<td>9,882</td>
</tr>
<tr>
<td>Professional fees</td>
<td>6,300</td>
<td>9,575</td>
<td>6,300</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>2,000</td>
<td>50,975</td>
<td>5,435</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>515,500</strong></td>
<td><strong>585,187</strong></td>
<td><strong>522,494</strong></td>
</tr>
<tr>
<td>Operating surplus before other items</td>
<td>43,000</td>
<td>18,472</td>
<td>41,809</td>
</tr>
<tr>
<td>Energy retrofit program debt repayment</td>
<td>(33,645)</td>
<td>(33,645)</td>
<td>(33,645)</td>
</tr>
<tr>
<td>Energy retrofit savings shortfall (Note 6)</td>
<td>-</td>
<td>46,290</td>
<td>-</td>
</tr>
<tr>
<td>Vehicle and equipment replacement reserve contribution</td>
<td>(9,355)</td>
<td>(9,355)</td>
<td>(9,355)</td>
</tr>
<tr>
<td>Operating surplus (deficit) (receivable from payable to the City of Toronto (Note 4)</td>
<td>$ -</td>
<td>$ 21,762</td>
<td>$ (1,191)</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
Committee of Management for the  
Ted Reeve Community Arena  
Statement of Cash Flows  
Year Ended December 31 

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase (decrease) in cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating surplus (deficit) (receivable from) payable to the City of Toronto</td>
<td>$21,762</td>
<td>$(1,191)</td>
</tr>
<tr>
<td>Increase (decrease) resulting from changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable - City of Toronto</td>
<td>(207,253)</td>
<td>-</td>
</tr>
<tr>
<td>Receivables - other</td>
<td>(49,127)</td>
<td>4,172</td>
</tr>
<tr>
<td>Inventories</td>
<td>330</td>
<td>(1,259)</td>
</tr>
<tr>
<td>Accounts payable to City of Toronto</td>
<td>22,131</td>
<td>42,700</td>
</tr>
<tr>
<td>Accounts payable to City of Toronto - long term</td>
<td>207,253</td>
<td>-</td>
</tr>
<tr>
<td>Payable and accruals - other</td>
<td>(23,539)</td>
<td>(64,129)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(7,208)</td>
<td>17,805</td>
</tr>
<tr>
<td><strong>Net decrease in cash</strong></td>
<td>(35,651)</td>
<td>(1,902)</td>
</tr>
<tr>
<td><strong>Cash, beginning of year</strong></td>
<td>156,379</td>
<td>158,281</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>$120,728</td>
<td>$156,379</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
Committee of Management for the
Ted Reeve Community Arena
Notes to the Financial Statements
December 31, 2008

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

The cost of furniture and equipment is charged to operations in the year of acquisition.

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.
Committee of Management for the
Ted Reeve Community Arena

Notes to the Financial Statements
December 31, 2008

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 has been reported as both capital funding and as an expense in 2008. Corresponding amounts have been recorded as future energy retrofit savings and to the extent there are shortfalls in the savings, the City will recover the amounts, for the benefit of the Arena, under a guarantee from the supplier.

4. Payables to the City of Toronto

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

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydro</td>
<td>$ 9,105</td>
<td>$ 20,619</td>
</tr>
<tr>
<td>Prior year’s operating deficit</td>
<td>(1,191)</td>
<td>-</td>
</tr>
<tr>
<td>Current year’s operating surplus (deficit)</td>
<td>21,762</td>
<td>(1,191)</td>
</tr>
<tr>
<td>Vehicle and equipment reserve advance</td>
<td>9,355</td>
<td>9,355</td>
</tr>
<tr>
<td>Energy retrofit program debt payments due</td>
<td>67,290</td>
<td>33,645</td>
</tr>
<tr>
<td><strong>Net payable to the City</strong></td>
<td><strong>$ 106,321</strong></td>
<td><strong>$ 62,428</strong></td>
</tr>
</tbody>
</table>

5. Deferred revenue

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

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>$</td>
<td>$ 1,500</td>
</tr>
<tr>
<td>Ice rentals</td>
<td>25,286</td>
<td>30,994</td>
</tr>
<tr>
<td>Donations</td>
<td>22,167</td>
<td>22,167</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 47,453</strong></td>
<td><strong>$ 54,661</strong></td>
</tr>
</tbody>
</table>

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. In the event there is any shortfall, the City will recover it, under guarantee from the supplier. The estimated shortfall to date (from July 1, 2007 to December 31, 2008) has been estimated at $46,290 and has been recorded as receivable by the Arena.
6. Loan payable to the City of Toronto - energy retrofit (continued)

The loan is non-interest bearing and repayable in annual instalments of $33,645.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Toronto - loan payable</td>
<td>$274,543</td>
<td>$ -</td>
</tr>
<tr>
<td>Less: Amount repayable within one year</td>
<td>$67,290</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td>$207,253</td>
<td>$ -</td>
</tr>
</tbody>
</table>

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

8. 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.
Committee of Management for the
Ted Reeve Community Arena

**Snack Bar and Vending Machine Operations**

Schedule 1

Year Ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Snack bar</td>
<td>$96,369</td>
<td>$99,383</td>
</tr>
<tr>
<td>Vending machine</td>
<td>$19,355</td>
<td>$20,335</td>
</tr>
<tr>
<td><strong>Total Sales</strong></td>
<td>$115,724</td>
<td>$119,718</td>
</tr>
<tr>
<td><strong>Less: Cost of goods sold</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$50,082</td>
<td>$51,550</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>$65,642</td>
<td>$68,168</td>
</tr>
<tr>
<td><strong>Direct expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and benefits</td>
<td>$25,730</td>
<td>$27,101</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>$39,912</td>
<td>$41,067</td>
</tr>
</tbody>
</table>
Committee of Management for the
Ted Reeve Community Arena

**Contracted Services – Outdoor Rink**

Year Ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$24,000</td>
<td>$24,000</td>
</tr>
<tr>
<td>Recovery of expenses</td>
<td><strong>107,906</strong></td>
<td><strong>107,681</strong></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>131,906</strong></td>
<td><strong>131,681</strong></td>
</tr>
</tbody>
</table>

|                  |        |        |
| **Expenditure**  |        |        |
| Wages            | 48,163 | 45,231 |
| Employee benefits| 4,458  | 3,952  |
| Utilities        | 33,841 | 41,229 |
| Maintenance and repairs | 9,137  | 13,819 |
| Miscellaneous    | **12,307** | 3,450 |
| **Total Expenditure** | **107,906** | **107,681** |

**Net revenue**

|                  |        |        |
| **2008**         | $24,000| $24,000|
| **2007**         |        |        |