



Grant Thornton

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GRANT THORNTON

Financial Statements

Committee of Management for
the George Bell Arena

December 31, 2009

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Auditors' Report

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To the Council of the Corporation of the
City of Toronto and the Committee of Management for the George Bell Arena

We have audited the statement of financial position of **Committee of Management for the George Bell Arena** at December 31, 2009 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 **George Bell 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
March 25, 2010

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Committee of Management for the
George Bell Arena
Statement of Financial Position**

December 31 2009 2008

Financial assets

Cash	\$ 37,017	\$ 33,580
Receivables - ice rentals and other	41,673	41,860
Prepays	535	535
Due from City of Toronto - operating deficit (Note 3)	28,606	32,583
Recoverable from City of Toronto - energy retrofit (Note 4)	107,067	138,373
Due from City of Toronto - employee benefits (Note 5)	287,964	294,209
Inventory	6,060	2,645
	<u>508,922</u>	<u>543,785</u>

Liabilities

Payables and accruals		
- City of Toronto	48,266	38,485
- Other	26,940	26,418
Deferred revenue	23,685	31,300
Loan payable to City of Toronto - energy retrofit project costs (Note 6)	107,067	138,373
City of Toronto - working cash advance	15,000	15,000
Employee benefits payable (Note 5)	287,964	294,209
	<u>508,922</u>	<u>543,785</u>

Net financial assets

- -

Non-financial assets


Tangible capital assets net (Page 11)	-	-
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Accumulated surplus

\$ - \$ -

Approved on behalf of the Committee of Management

 Chair

 Member

**Committee of Management for the
George Bell Arena
Statement of Operations**

Year Ended December 31

2009

2008

Revenue

Ice rentals	\$ 467,537	\$ 402,551
Summer floor rental	14,483	24,000
Snack bar and vending machine operations (Page 8)	9,119	11,197
Pro shop operations (Page 9)	475	-
Facility rentals	7,291	8,161
Other	5,040	4,643
Capital funding - energy retrofit	-	138,373
Funding from the City for employee related costs (Note 5)	(6,245)	69
	<u>497,700</u>	<u>588,994</u>

Expenditures

Salaries and wages	231,824	220,268
Employee benefits	75,348	68,735
Utilities	85,194	76,471
Maintenance and repairs	58,794	58,178
General administration	10,497	12,842
Insurance	9,715	9,736
Professional fees	9,273	5,567
Capital expenditures - energy retrofit	-	138,373
Employee related costs (Note 5)	(6,245)	69
Energy retrofit program debt repayment	15,653	15,653
Vehicle and equipment replacement reserve (Note 7)	10,000	9,355
	<u>500,053</u>	<u>615,247</u>

Net expenditure	(2,353)	(26,253)
Net expenditure receivable from the City of Toronto	<u>2,353</u>	<u>26,253</u>
Annual surplus	-	-
Opening accumulated surplus	<u>-</u>	<u>-</u>
Ending accumulated surplus	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

**Committee of Management for the
George Bell Arena
Statement of Cash Flows**

Year Ended December 31	2009	2008
Increase (decrease) in cash		
Cash flows from operating transactions		
Annual surplus	\$ -	\$ -
Non-cash charges to operations		
Receivables	187	(12,941)
Inventories	(3,415)	(1,242)
Payables and accruals - City of Toronto	9,781	22,832
- Other	522	(9,716)
Deferred revenue	(7,615)	3,943
Net revenue receivable from City of Toronto	<u>3,977</u>	<u>(26,253)</u>
Net increase (decrease) in cash	3,437	(23,377)
Cash, beginning of year	<u>33,580</u>	<u>56,957</u>
Cash, end of year	<u>\$ 37,017</u>	<u>\$ 33,580</u>

See accompanying notes to the financial statements.

Committee of Management for the George Bell Arena

Notes to the Financial Statements

December 31, 2009

1. Establishment and operations

The George Bell 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 By-law No. 21259, 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. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Sources of generally accepted accounting principles

- (a) Revenues and expenditures are recorded on an accrual basis.
- (b) Inventories held for resale are valued at cost.
- (c) 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	- 5 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 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 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.

Committee of Management for the George Bell Arena

Notes to the Financial Statements

December 31, 2009

2. Significant accounting policies (continued)

- (d) Major capital expenditures are financed by the City of Toronto, which owns the facility. Major capital expenditures and services provided without charge by the City are not recorded in these financial statements.
- (e) Ice rentals paid in advance are recorded as deferred revenue.

3. Operating deficit receivable from (payable to) the City of Toronto

	<u>2009</u>	<u>2008</u>
The amount due from (to) the City of Toronto consists of the following:		
Balance, beginning of year	\$ 32,583	\$ (9,323)
Current year's net expenditure	2,353	26,253
Funds received during the year	(6,330)	-
Energy retrofit reclassified	<u>-</u>	<u>15,653</u>
Balance, end of year	\$ <u>28,606</u>	\$ <u>32,583</u>

4. Recoverable from the City of Toronto - energy retrofit (see also Note 6)

On March 7, 2006, the Arena signed a letter of Agreement with the City of Toronto for capital improvements, specifically an energy retrofit, of \$141,437. On completion of the project the City advised the Arena Board that the annual repayment to the City will be \$15,653 over 8.84 years for a total amount of \$138,373. This amount has been reported as both capital funding and an expense in 2008. Corresponding amounts have been recorded as funding to be received from the City of Toronto. This amount will be received from the City of Toronto when the energy retrofit loan payments of \$15,653 per year are expensed.

5. Employee-related liabilities

The Arena participates in a benefit plan provided by the City of Toronto. The Arena 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 during 2009 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2009.

Committee of Management for the George Bell Arena

Notes to the Financial Statements

December 31, 2009

5. Employee-related liabilities (continued)

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

	<u>2009</u>	<u>2008</u>
Long term disability benefits	\$ 370,586	\$ 355,846
Deduct: Unamortized actuarial loss	<u>82,622</u>	<u>61,637</u>
Employee benefit liability	<u>\$ 287,964</u>	<u>\$ 294,209</u>

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

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 294,209	\$ 294,140
Current service cost	-	6,348
Interest cost	15,756	16,611
Amortization of actuarial loss	12,360	13,080
Expected benefits paid	<u>(34,361)</u>	<u>(35,970)</u>
Balance, end of year	<u>\$ 287,964</u>	<u>\$ 294,209</u>

Expenditures in 2009 relating to employee benefits are included on the statement of operations and include the following components:

	<u>2009</u>	<u>2008</u>
Current services cost	\$ -	\$ 6,348
Interest cost	15,756	16,611
Amortization of actuarial loss	<u>12,360</u>	<u>13,080</u>
	28,116	36,039
Less expected benefits paid during year	<u>(34,361)</u>	<u>(35,970)</u>
Total expenditures related to long term disability benefits	<u>\$ (6,245)</u>	<u>\$ 69</u>

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.

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

The loan is non-interest bearing and repayable in annual instalments of \$15,653.

	<u>2009</u>	<u>2008</u>
City of Toronto - loan payable	<u>\$ 107,067</u>	<u>\$ 138,373</u>

**Committee of Management for the
George Bell Arena
Notes to the Financial Statements**

December 31, 2009

7. 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 arena contributed \$9,355 per year commencing in 2004 until 2008 and in 2009 the contribution was increased 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
George Bell Arena
Schedule of Snack Bar and Vending Machine Operations**

Year Ended December 31

2009

2008

Sales			
Snack bar	\$	48,841	\$ 53,429
Cost of goods sold		<u>23,571</u>	<u>26,967</u>
Gross profit		25,270	26,462
Direct expenses			
Wages and benefits		<u>16,151</u>	<u>15,265</u>
Net profit	\$	<u>9,119</u>	\$ <u>11,197</u>

**Committee of Management for the
George Bell Arena
Schedule of Pro Shop Operations**

Year Ended December 31

2009

2008

Sales	\$ 2,100	\$ -
Cost of goods sold	<u>775</u>	<u>-</u>
Gross profit	1,325	-
Direct expenses		
Wages and benefits	<u>850</u>	<u>-</u>
Net profit	\$ <u>475</u>	\$ <u>-</u>

**Committee of Management for the
George Bell 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	-	-	-
Less: Disposals during the year	-	-	-
	<u>1</u>	<u>1</u>	<u>1</u>
Accumulated amortization			
Balance, beginning of year	1	1	1
Add: Amortization during the year	-	-	-
Less: Amortization on disposals	-	-	-
	<u>1</u>	<u>1</u>	<u>1</u>
Net book value of Tangible Capital Assets \$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>