



TO BE SIGNED AND  
RETURNED TO  
GRANT THORNTON

Financial Statements

**Committee of Management for the McCormick  
Playground Arena**

December 31, 2009

# Contents

	<b>Page</b>
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 - 8
Schedule of Snack Bar and Vending Machine Operations	9
Schedule of Pro Shop Operations	10
Schedule of Tangible Capital Assets	11



## 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](http://www.GrantThornton.ca)

To the Council of the Corporation of the  
City of Toronto and the Committee of Management for the  
McCormick Playground Arena

We have audited the statement of financial position of the Committee of Management for the McCormick Playground 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 McCormick Playground 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 26, 2010

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

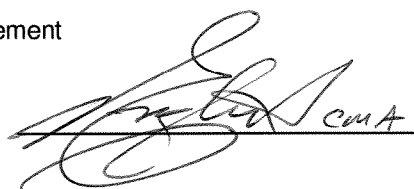
**Committee of Management for the  
McCormick Playground Arena  
Statement of Financial Position**

December 31	2009	2008
<b>Financial Assets</b>		
Cash and short term deposits	\$ 133,225	\$ 96,821
Accounts receivable	7,469	6,879
Receivable - City of Toronto (Note 5)	46,232	12,422
Inventory	<u>5,253</u>	<u>4,394</u>
	<u>192,179</u>	<u>120,516</u>
<b>Liabilities</b>		
City of Toronto (Note 3)	28,068	23,228
City of Toronto (Note 4)	36,256	16,612
City of Toronto – Working capital advance	10,000	10,000
Accounts payables and accrued expenses	57,513	44,319
Deferred revenue	14,110	13,935
Employee future benefits payable (Note 5)	<u>46,232</u>	<u>12,422</u>
	<u>192,179</u>	<u>120,516</u>
<b>Net financial assets</b>	-	-
<b>Non-financial assets</b>		
Tangible capital assets (net) (Schedule – page 11)	<u>2,440</u>	-
Accumulated surplus	<u>\$ 2,440</u>	<u>\$ -</u>

Approved on behalf of the Committee of Management



Director



Director

See accompanying notes to the financial statements.

---

**Committee of Management for the  
McCormick Playground Arena  
Statement of Operations**

Year Ended December 31	2009	2008
<b>Revenue</b>		
Ice rentals	\$ 585,742	\$ 568,136
City of Toronto - funding for post retirement costs	33,810	6,270
Snack bar and vending machine operations (Page 9)	11,144	11,285
Pro shop operations (Page 10)	9,414	7,778
Interest	(146)	984
Other	97	1,872
	<u>640,061</u>	<u>596,325</u>
<b>Expenditure</b>		
Salaries and wages	313,764	297,713
Employee benefits	106,846	70,627
Utilities	128,098	129,880
Maintenance and repairs	40,799	61,603
General administration and service	21,326	23,070
Insurance	9,898	9,919
Professional fees	6,485	6,028
Amortization	610	-
	<u>627,826</u>	<u>598,840</u>
<b>Net revenue (expenditure)</b>	<b>12,235</b>	<b>(2,515)</b>
Vehicle and equipment reserve contribution (Note 6)	(10,000)	(2,355)
Net revenue receivable from the City of Toronto	<u>205</u>	<u>4,870</u>
Annual surplus	2,440	-
<b>Opening accumulated surplus</b>	<u>-</u>	<u>-</u>
<b>Ending accumulated surplus</b>	<b>\$ <u>2,440</u></b>	<b>\$ <u>-</u></b>

---

See accompanying notes to the financial statements.

---

**Committee of Management for the  
McCormick Playground Arena  
Statement of Net Assets**

Year Ended December 31	2009	2008
Annual surplus	\$ 2,440	\$ -
Acquisition of tangible capital assets	(3,050)	-
Amortization of tangible capital assets	<u>610</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  
McCormick Playground 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 surplus	\$ 2,440	\$ -
----------------	----------	------

**Non-cash charges to operations**

Amortization	610	-
Receivables	(590)	24,847
Inventories	(859)	293
Payable to the City of Toronto	4,840	(52,866)
Net revenue payable to the City of Toronto	19,644	(52,319)
Payables and accruals	13,194	32,903
Deferred revenue	175	(755)
Cash provided (used) by operating transactions	<u>39,454</u>	<u>(47,897)</u>

**Capital transactions**

Purchase of tangible capital assets	<u>(3,050)</u>	-
Cash used in capital transactions	<u>(3,050)</u>	-

Net increase (decrease) in cash	36,404	(47,897)
---------------------------------	--------	----------

Cash, beginning of year	<u>96,821</u>	<u>144,718</u>
-------------------------	---------------	----------------

Cash, end of year	\$ <u>133,225</u>	\$ <u>96,821</u>
-------------------	-------------------	------------------

---

See accompanying notes to the financial statements.

---

# Committee of Management for the McCormick Playground Arena

## Notes to the Financial Statements

December 31, 2009

---

### 1. Establishment and operations

The McCormick Playground Arena was established as a community recreation centre under By-law 391-71, Chapter 25 of the Community Recreation Centres Act and Section 207(58) of the Municipal Act. The Arena is operated under a Board of Management, which consists of 10 members, including 2 Council members.

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 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:

- (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

The Arena acquired capital assets from 1995 to 2004. 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 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  
McCormick Playground Arena  
Notes to the Financial Statements**

December 31, 2009

---

**2. Summary of 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. 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>28,068</u>	\$ <u>23,228</u>
-----------------	------------------	------------------

---

**4. The payable to the City of Toronto** 2009 2008

The payable to City of Toronto consists of the following:

Surplus 2003	\$ 1,548	\$ 1,548
Deficit 2007	(19,849)	(19,849)
Deficit 2008	(4,870)	(4,870)
Net revenue receivable 2009	<u>(205)</u>	<u>-</u>
	(23,376)	(23,171)
Hydro over-accrual	<u>39,783</u>	<u>39,783</u>
	<u>16,407</u>	<u>16,612</u>
Add:		
Receipt of 2007 receivable	<u>19,849</u>	<u>-</u>
Balance, end of year	<u>\$ 36,256</u>	<u>\$ 16,612</u>

---

**5. Employee benefits payable**

The 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 plan, 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.

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.

---

## Committee of Management for the McCormick Playground Arena Notes to the Financial Statements

December 31, 2009

---

### 5. Employee benefits payable (continued)

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

	<u>2009</u>	<u>2008</u>
Long term disability benefits	\$ 46,396	\$ 12,603
Unamortized actuarial loss	<u>(164)</u>	<u>(181)</u>
	<u>\$ 46,232</u>	<u>\$ 12,422</u>

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

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 12,422	\$ 6,152
Current service cost	-	6,348
Interest cost	(531)	575
Amortization of actuarial gain	82,927	14
Expected benefits paid	<u>(48,586)</u>	<u>(667)</u>
	<u>\$ 46,232</u>	<u>\$ 12,422</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. Total contribution by the Arena and the employees during the year was \$20,462 (2008- \$18,365).

---

### 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 2007, the City of Toronto reduced the requirement for McCormick Playground Arena to \$2,355 and in 2009 increased it 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.

---

**Committee of Management for the  
McCormick Playground Arena  
Schedule of Snack Bar and Vending Machine Operations**

Year Ended December 31 2009 2008

---

<b>Sales</b>		
Snack Bar	\$ 1,344	\$ 6,840
Vending machine	<u>22,474</u>	<u>28,314</u>
	<b>23,818</b>	<b>35,154</b>
 Cost of goods sold	 <u>12,674</u>	 <u>20,991</u>
 Gross profit	 <b>11,144</b>	 <b>14,163</b>
 Direct expenses		
Wages	<u>          -</u>	<u>      2,878</u>
 Net profit	 <u><b>\$ 11,144</b></u>	 <u><b>\$ 11,285</b></u>

---

**Committee of Management for the  
McCormick Playground Arena  
Schedule of Pro Shop Operations**

<b>Year Ended December 31</b>	<b>2009</b>	<b>2008</b>
<b>Sales</b>	<b>\$ 12,527</b>	<b>\$ 11,240</b>
Cost of goods sold	<u>3,113</u>	<u>3,462</u>
<b>Gross profit</b>	<b>\$ <u>9,414</u></b>	<b>\$ <u>7,778</u></b>

**Committee of Management for the  
McCormick Playground Arena  
Schedule of Tangible Capital Assets**

Year Ended December 31, 2009

	Furniture and Equipment	<u>2009</u>	<u>2008</u>
<b>Cost</b>			
Balance, beginning of year	\$ 1	\$ 1	\$ 1
Add: Additions during the year	3,050	<b>3,050</b>	-
Less: Disposals during the year	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,051</u>	<u><b>3,051</b></u>	<u>1</u>
<b>Accumulated amortization</b>			
Balance, beginning of year	1	1	1
Add: Amortization during the year	610	<b>610</b>	-
Less: Amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>
	<u>611</u>	<u><b>611</b></u>	<u>1</u>
	<u>\$ 2,440</u>	<u>\$ <b>2,440</b></u>	<u>\$ -</u>