



Grant Thornton

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Financial Statements

**Committee of Management for
the North Toronto Memorial Arena**

December 31, 2009

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Grant Thornton

Auditors' Report

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To the Council of the Corporation of the
City of Toronto and the Committee of Management for the
North Toronto Memorial Arena

We have audited the statement of financial position of the **Committee of Management for the North Toronto 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 **Committee of Management for the North Toronto Memorial 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
May 28, 2010

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Committee of Management for the
North Toronto Memorial Arena
Statement of Operations**

Year Ended December 31

2009

2008

Revenue

Ice rentals	\$ 505,973	\$ 479,522
City of Toronto - recovery of expenses (Note 5)	51,750	45,000
Gate receipts	45,796	41,840
Snack bar and vending machine operations (Schedule 1)	38,718	37,190
Pro shop operations (Schedule 2)	16,663	23,090
Arena floor rentals	848	800
Banquet room rentals	21,058	21,940
Advertising	5,000	5,000
Zamboni replacement – Contribution	10,000	9,355
	<u>695,806</u>	<u>663,737</u>

Expenditures

Salaries and wages	342,243	331,893
Employee benefits	88,851	84,553
Utilities	135,914	122,700
Maintenance and repairs	64,297	64,278
General administration	27,621	32,768
Professional fees	6,130	5,250
Insurance	10,085	10,103
Furniture and equipment	-	2,550
Bad debt expense	1,630	-
Amortization	367	-
	<u>677,138</u>	<u>654,095</u>

Net revenue	18,668	9,642
Vehicle and equipment reserve contribution (Note 6)	10,000	9,355
Net revenue payable to the City of Toronto	<u>145</u>	<u>287</u>
Annual surplus	8,523	-
Opening accumulated surplus	<u>-</u>	<u>-</u>
Ending accumulated surplus	<u>\$ 8,523</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**Committee of Management for the
North Toronto Memorial Arena
Statement of Net Assets**

Year Ended December 31	2009	2008
Annual surplus	\$ 8,523	\$ -
Acquisition of tangible capital assets (Note 7)	(8,890)	-
Amortization of tangible capital assets	<u>367</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>

See accompanying notes to the financial statements.

Committee of Management for the North Toronto Memorial Arena Statement of Financial Position

December 31 2009 2008

Financial Assets

Receivables	\$ 81,405	\$ 73,067
Inventories	<u>92,826</u>	<u>102,127</u>
	174,231	175,194
Due from City of Toronto - employee benefits (Note 4)	<u>184,235</u>	<u>198,395</u>
	<u>358,466</u>	<u>373,589</u>

Liabilities

Bank indebtedness	11,230	35,237
Payables and accruals - City of Toronto	23,306	16,409
- Other	119,672	102,821
Deferred revenue	4,543	5,393
Net revenue payable to City of Toronto (Note 3)	480	335
City of Toronto - working cash advance (Note 1)	15,000	15,000
Employee benefits payable (Note 4)	<u>184,235</u>	<u>198,395</u>
	<u>358,466</u>	<u>373,590</u>

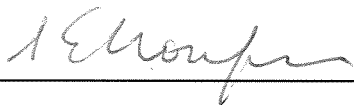
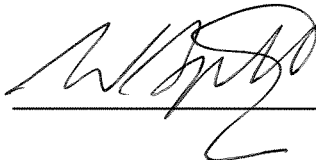
Net financial assets - -

Non-financial assets

Tangible capital assets (net) (Note 7)	<u>8,523</u>	<u>-</u>
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Accumulated surplus \$ 8,523 \$ -

Approved on behalf of the Committee of Management

 <hr style="width: 100%;"/>	Chair	 <hr style="width: 100%;"/>	Member
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See accompanying notes to the financial statements.

**Committee of Management for the
North Toronto Memorial Arena
Statement of Cash Flows**

Year Ended December 31

2009

2008

Increase (decrease) in cash and short term deposits

Cash flow from operating transactions

Annual surplus	\$ 8,523	\$ -
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Non-cash charges to operations

Amortization	367	-
Receivables	(8,338)	1,182
Inventories	9,301	(12,612)
Net revenue payable to the City of Toronto	145	287
Payable and accruals		
City of Toronto	6,897	76
Other	16,852	(15,408)
Deferred revenue	<u>(850)</u>	<u>(1,591)</u>
Cash provided (used) by operating transactions	<u>32,897</u>	<u>(28,066)</u>

Capital transactions

Purchase of tangible capital assets	<u>8,890</u>	-
Cash used in capital transactions	<u>8,890</u>	-

Net increase(decrease) in cash	24,007	(28,066)
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Cash, beginning of year	<u>(35,237)</u>	<u>(7,171)</u>
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(Bank indebtedness), end of year	\$ <u>(11,230)</u>	\$ <u>(35,237)</u>
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See accompanying notes to the financial statements.

Committee of Management for the North Toronto Memorial Arena

Notes to the Financial Statements

December 31, 2009

1. Establishment and operations

The North Toronto 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. 1995 - 0448, as amended. The Arena is located at 174 Orchardview Boulevard. 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 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.

Committee of Management for the North Toronto Memorial Arena

Notes to the Financial Statements

December 31, 2009

2. Significant accounting policies (continued)

Tangible capital assets

Acquisitions are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	- 15 years straight-line
Leasehold improvements	- 20 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.

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, 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 North Toronto Memorial Arena

Notes to the Financial Statements

December 31, 2009

3. Net revenue payable to the City of Toronto

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

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 335	\$ 48
Current year's	<u>145</u>	<u>287</u>
Balance, end of year	<u>\$ 480</u>	<u>\$ 335</u>

4. Employee-related liabilities

The Arena participates in a benefit plan provided by the City of Toronto. The plan provides full-time arena 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 by an independent expert during 2009. The actuarial valuation has resulted in an actuarial gain of \$185,791 which is being amortized over 10 years, being the expected average remaining service life of the employees.

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>
Contribution of benefits to disabled employees	\$ -	\$ 3,139
Income benefits	-	9,465
Add: Unamortized actuarial gain	<u>184,235</u>	<u>185,791</u>
Employee benefit liability	<u>\$ 184,235</u>	<u>\$ 198,395</u>

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

Balance, beginning of year	\$ 198,395	\$ 200,562
Current service cost	-	6,348
Interest cost	440	575
Amortization of actuarial (gain)	(14,746)	(8,423)
Expected benefits paid	<u>146</u>	<u>(667)</u>
Balance, end of year	<u>\$ 184,235</u>	<u>\$ 198,395</u>

**Committee of Management for the
North Toronto Memorial Arena
Notes to the Financial Statements**

December 31, 2009

4. Employee-related liabilities (continued) 2009 2008

Expenditures in 2009 relating to employee benefits include the following components:

	<u>2009</u>	<u>2008</u>
Current service cost	\$ 146	\$ 6,348
Interest cost	440	575
Amortization of actuarial (gain)	<u>(14,746)</u>	<u>(8,423)</u>
	<u>(14,160)</u>	<u>(1,500)</u>
Less expected benefits paid during year	<u>-</u>	<u>(667)</u>
Total expenditures related to employee benefits	<u>\$ (14,160)</u>	<u>\$ (2,167)</u>

A long term receivable of \$184,235 (2008 - \$198,395) has resulted from recording benefits for employees. Funding for these costs are provided by the City as benefit costs are paid and the City is responsible for the payment of benefit liabilities for full-time employees that may be incurred by the Arena.

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.

5. City of Toronto - recovery of expenses

Under an arrangement with the City of Toronto, the Committee services an artificial outdoor rink located adjacent to the Arena. The Committee is reimbursed \$51,750 by the City for expenditures incurred in servicing this rink, based upon a budgetary provision, which may not be exceeded without prior approval from the City.

6. Vehicle and equipment replacement reserve

These contributions are for the financing of replacement ice resurfacer machines required by the Arena Boards in future years. Each board contributed \$10,000 (2008 - \$9,355). Contributions to this reserve fund commenced in 2004.

**Management for the
North Toronto Memorial Arena
Notes to the Financial Statements**

December 31, 2009

7. Tangible Capital assets

	<u>Leasehold improvements</u>	<u>Machinery and Equipment</u>	<u>2009</u>	<u>2008</u>
Cost				
Balance, beginning of year	\$ 1	\$ -	\$ 1	\$ 1
Add: Additions during the year	<u>4,048</u>	<u>4,842</u>	<u>8,890</u>	<u>-</u>
	<u>4,049</u>	<u>4,843</u>	<u>8,891</u>	<u>1</u>
Accumulated amortization				
Balance, beginning of year	1	-	1	1
Add: Amortization during the year	<u>101</u>	<u>266</u>	<u>367</u>	<u>-</u>
	<u>102</u>	<u>266</u>	<u>368</u>	<u>1</u>
	<u>\$ 3,947</u>	<u>\$ 4,576</u>	<u>\$ 8,523</u>	<u>\$ -</u>

**Committee of Management for the
North Toronto Memorial Arena
Schedule 1 - Snack Bar and Vending Machine Operations**

Year Ended December 31

2009

2008

Sales

Snack bar and vending machine

\$ 110,058

\$ 113,697

Less: Cost of goods sold

43,953

49,863

66,106

63,834

Direct expenses

Wages

26,722

26,377

Maintenance

666

267

27,388

26,644

\$ 38,718

\$ 37,190

**Committee of Management for the
North Toronto Memorial Arena
Schedule 2 - Pro Shop Operations**

Year Ended December 31

2009

2008

Sales

Pro shop	\$ 56,297	\$ 60,731
Less: Cost of goods sold	<u>34,196</u>	<u>32,894</u>
	<u>22,101</u>	<u>27,837</u>

Direct expenses

Wages	3,675	3,821
Equipment maintenance	<u>1,763</u>	<u>926</u>
	<u>5,438</u>	<u>4,747</u>
	\$ 16,663	\$ 23,090