



Financial Statements

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

December 31, 2010

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Grant Thornton

## Independent Auditors' Report

Grant Thornton LLP  
19th Floor, Royal Bank Plaza South Tower  
200 Bay Street, Box 55  
Toronto, ON  
M5J 2P9  
T +1 416 366 0100  
F +1 416 360 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  
Ted Reeve Community Arena

We have audited the accompanying financial statements of the **Committee of Management for the Ted Reeve Community Arena** which comprise the statement of financial position as at December 31, 2010, and the statement of operations and net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe, that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the financial statements present fairly, in all material respects, the financial position of the **Committee of Management for the Ted Reeve Community Arena** as at December 31, 2010, 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 17, 2011

*Grant Thornton LLP*

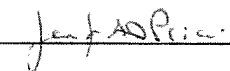
Chartered Accountants  
Licensed Public Accountants

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

| December 31  | 2010             | 2009             |
|--|------------------|------------------|
| <b>Financial Assets</b>                            |                  |                  |
| Cash   | \$ 151,455       | \$ 132,677       |
| Receivables  | 79,014           | 87,132           |
| Inventories  | 5,028            | 6,816            |
| Future energy retrofit savings (Note 3)            | <u>25,572</u>    | <u>31,965</u>    |
|  | <u>261,069</u>   | <u>258,590</u>   |
| <b>Liabilities</b>                                 |                  |                  |
| Payables and accruals                              |                  |                  |
| - City of Toronto (Note 4)                         | 124,418          | 105,009          |
| - Other  | 63,321           | 66,623           |
| Deferred revenue (Note 5)                          | 32,758           | 39,993           |
| City of Toronto - Working cash advance (Note 1)    | 15,000           | 15,000           |
| - Energy retrofit loan (Note 6)                    | <u>25,572</u>    | <u>31,965</u>    |
|  | <u>261,069</u>   | <u>258,590</u>   |
| <b>Net financial assets</b>                        | -                | -                |
| <b>Non-financial assets</b>                        |                  |                  |
| Tangible capital assets (net) (Schedule – page 12) | <u>59,529</u>    | <u>41,487</u>    |
|  | <u>59,529</u>    | <u>41,487</u>    |
| Accumulated Surplus                                | \$ <u>59,529</u> | \$ <u>41,487</u> |

Approved on behalf of the Committee of Management

  
\_\_\_\_\_ Chair

  
\_\_\_\_\_ Treasurer

See accompanying notes to the financial statements.

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

| Year Ended December 31   | 2010             | 2009             |
|--|------------------|------------------|
| <b>Revenue</b>   |                  |                  |
| Ice rentals  | \$ 519,760       | \$ 516,756       |
| Snack bar and vending machine operations<br>(Schedule 1 – page 10) | 14,659           | 29,782           |
| Contracted services - outdoor rink<br>(Schedule 2 – page 11)       | 26,500           | 25,000           |
| Lacrosse rentals   | 25,720           | 22,964           |
| Other  | <u>15,570</u>    | <u>25,621</u>    |
|  | <u>602,209</u>   | <u>620,123</u>   |
| <b>Expenditures</b>  |                  |                  |
| Salaries and wages   | 308,915          | 291,199          |
| Employee benefits  | 62,361           | 57,605           |
| Utilities  | 89,576           | 106,194          |
| Maintenance and repairs  | 61,822           | 63,850           |
| General administration   | 18,795           | 22,583           |
| Insurance  | 10,500           | 10,062           |
| Professional fees  | 7,055            | 4,015            |
| Amortization   | <u>8,148</u>     | <u>5,529</u>     |
|  | <u>567,172</u>   | <u>561,037</u>   |
| Net revenue  | 35,037           | 59,086           |
| Vehicle and equipment replacement<br>reserve contribution          | (10,000)         | (10,000)         |
| Energy retrofit loan repayment                                     | (6,393)          | (6,393)          |
| Net revenue payable to the City of Toronto (Note 4)                | <u>(602)</u>     | <u>(1,206)</u>   |
| Annual surplus   | 18,042           | 41,487           |
| Opening accumulated surplus  | <u>41,487</u>    | -                |
| Ending accumulated surplus   | <u>\$ 59,529</u> | <u>\$ 41,487</u> |

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See accompanying notes to the financial statements.

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

| Year Ended December 31                  | 2010         | 2009         |
|---|--------------|--------------|
| Annual surplus                          | \$ 18,042    | \$ 41,487    |
| Acquisition of tangible capital assets  | (26,190)     | (47,016)     |
| Amortization of tangible capital assets | <u>8,148</u> | <u>5,529</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>  |

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See accompanying notes to the financial statements.

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

Year Ended December 31

2010

2009

**Increase (decrease) in cash and short term deposits**

**Cash flows from operating transactions**

|                |           |           |
|----------------|-----------|-----------|
| Annual surplus | \$ 18,042 | \$ 41,487 |
|----------------|-----------|-----------|

**Non-cash charges to operations**

|   |                |                |
|---|----------------|----------------|
| Amortization                            | 8,148          | 5,529          |
| Receivables                             | 8,118          | (31,505)       |
| Inventories                             | 1,788          | (746)          |
| Payable to the City of Toronto          | 19,409         | 44,978         |
| Payables and accruals                   | (3,302)        | 6,682          |
| Deferred revenue                        | <u>(7,235)</u> | <u>(7,460)</u> |
| Cash provided by operating transactions | <u>44,968</u>  | <u>58,965</u>  |

**Capital transactions**

|                                     |                 |                 |
|-------------------------------------|-----------------|-----------------|
| Purchase of tangible capital assets | <u>(26,190)</u> | <u>(47,016)</u> |
| Cash used in capital transactions   | <u>(26,190)</u> | <u>(47,016)</u> |

|                      |        |        |
|----------------------|--------|--------|
| Net increase in cash | 18,778 | 11,949 |
|----------------------|--------|--------|

|                         |                |                |
|-------------------------|----------------|----------------|
| Cash, beginning of year | <u>132,677</u> | <u>120,728</u> |
|-------------------------|----------------|----------------|

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Cash, end of year | <u>\$ 151,455</u> | <u>\$ 132,677</u> |
|-------------------|-------------------|-------------------|

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See accompanying notes to the financial statements.

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

December 31, 2010

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## **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.

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## **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 |

### **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.

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

December 31, 2010

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### 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 to correspond to the revised projected savings of \$51,144.

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### 4. Payables to the City of Toronto

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

|   | <u>2010</u>       | <u>2009</u>       |
|---|-------------------|-------------------|
| Hydro   | \$ 57,523         | \$ 44,140         |
| Health benefits                                     | 4,099             | 2,344             |
| Prior year's operating surplus - 2007 (as restated) | 27,252            | 27,252            |
| Prior year's operating surplus - 2008               | -                 | 2,724             |
| Prior year's operating surplus - 2009               | 1,206             | 1,206             |
| Current year's operating surplus                    | 602               | -                 |
| Vehicle and equipment reserve advance               | 8,164             | 8,164             |
| Energy retrofit debt payments due                   | <u>25,572</u>     | <u>19,179</u>     |
| Net payable to the City                             | <u>\$ 124,418</u> | <u>\$ 105,009</u> |

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### 5. Deferred revenue

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

|             |                  |                  |
|-------------|------------------|------------------|
| Ice rentals | \$ 21,515        | \$ 17,826        |
| Donations   | <u>11,243</u>    | <u>22,167</u>    |
|             | <u>\$ 32,758</u> | <u>\$ 39,993</u> |

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

December 31, 2010

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## 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.

|                                | <u>2010</u>      | <u>2009</u>      |
|--------------------------------|------------------|------------------|
| City of Toronto - loan payable | \$ <u>25,572</u> | \$ <u>31,965</u> |

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## 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 each year.

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## 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.

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## 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 \$26,500 (adjusted annually) for administration and the General Managers services.

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

Schedule 1  
2009

Year Ended December 31

2010

|                          |                  |                  |
|--------------------------|------------------|------------------|
| <b>Sales</b>             |                  |                  |
| Snack bar                | \$ 79,109        | \$ 86,286        |
| Vending machine          | <u>14,871</u>    | <u>16,514</u>    |
|                          | <u>93,980</u>    | <u>102,800</u>   |
| Less: Cost of goods sold | <u>48,402</u>    | <u>47,266</u>    |
| Gross profit             | 45,578           | 55,534           |
| <b>Direct expenses</b>   |                  |                  |
| Wages and benefits       | <u>30,919</u>    | <u>25,752</u>    |
| Net profit               | \$ <u>14,659</u> | \$ <u>29,782</u> |

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

Year Ended December 31

2010

Schedule 2

2009

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**Revenue**

|                      |                |                |
|----------------------|----------------|----------------|
| Administration       | \$ 26,500      | \$ 25,000      |
| Recovery of expenses | <u>114,918</u> | <u>127,914</u> |
|                      | <u>141,418</u> | <u>152,914</u> |

**Expenditure**

|                         |                |                |
|-------------------------|----------------|----------------|
| Wages                   | 50,150         | 50,800         |
| Employee benefits       | 8,535          | 7,564          |
| Utilities               | 37,104         | 43,107         |
| Maintenance and repairs | 12,820         | 13,541         |
| Miscellaneous           | <u>6,309</u>   | <u>12,902</u>  |
|                         | <u>114,918</u> | <u>127,914</u> |

|             |                  |                  |
|-------------|------------------|------------------|
| Net revenue | \$ <u>26,500</u> | \$ <u>25,000</u> |
|-------------|------------------|------------------|

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**Committee of Management for the  
Ted Reeve Community Arena  
Schedule of Tangible Capital Assets**

Year Ended December 31, 2010

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|                                   | Furniture<br>and<br><u>Equipment</u> | <u>2010</u>      | <u>2009</u>      |
|-----------------------------------|--------------------------------------|------------------|------------------|
| <b>Cost</b>                       |                                      |                  |                  |
| Balance, beginning of year        | \$ 47,017                            | \$ 47,017        | \$ 1             |
| Add: Additions during the year    | <u>26,190</u>                        | <u>26,190</u>    | <u>47,016</u>    |
|                                   | <u>73,207</u>                        | <u>73,207</u>    | <u>47,017</u>    |
| <b>Accumulated amortization</b>   |                                      |                  |                  |
| Balance, beginning of year        | 5,530                                | 5,530            | 1                |
| Add: Amortization during the year | <u>8,148</u>                         | <u>8,148</u>     | <u>5,529</u>     |
|                                   | <u>13,678</u>                        | <u>13,678</u>    | <u>5,530</u>     |
|                                   | <u>\$ 59,529</u>                     | <u>\$ 59,529</u> | <u>\$ 41,487</u> |