



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

Committee of Management for the

Forest Hill Memorial Arena

December 31, 2011

Contents

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Operations	4
Statement of Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 9
Schedule of Snack Bar and Vending Machine Operations and Pro Shop Operations	10
Schedule of Tangible Capital Assets	11



Grant Thornton

Independent Auditor's Report

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

We have audited the accompanying financial statements of **Committee of Management for the Forest Hill Memorial Arena**, which comprise the statement of financial position as at December 31, 2011, statement of operations, statement of net assets, 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 **Committee of Management for the Forest Hill Memorial Arena** as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP


Toronto, Ontario
May 30, 2012

Chartered Accountants
Licensed Public Accountants

**Committee of Management for the
Forest Hill Memorial Arena
Statement of Financial Position**

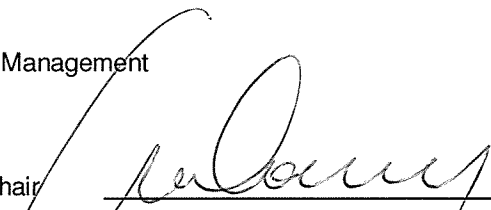
December 31	2011	2010
Financial assets		
Cash	\$ 64,859	\$ 56,720
Receivables - Ice rentals and other	73,714	107,549
Inventories	<u>33,534</u>	<u>35,042</u>
	<u>172,107</u>	<u>199,311</u>
Liabilities		
Payables and accruals - City of Toronto (Note 3)	28,116	30,632
- Other	104,991	128,874
Deferred revenue	15,617	20,844
Operating surplus due to City of Toronto (Note 4)	13,383	8,961
City of Toronto - working capital advance	<u>10,000</u>	<u>10,000</u>
	<u>172,107</u>	<u>199,311</u>
Net financial assets	-	-
Non-financial assets		
Tangible capital assets net (Page 11)	<u>13,983</u>	<u>16,479</u>
Accumulated capital surplus	\$ <u>13,983</u>	\$ <u>16,479</u>

Approved on behalf of the Committee of Management



Leonard J. Freed

Chair



DONALD GREENBAUM

Member

See accompanying notes to the financial statements.

**Committee of Management for the
Forest Hill Memorial Arena
Statement of Operations**

Year Ended December 31 2011 2010

Revenue

Ice rentals	\$ 863,850	\$ 839,547
Snack bar and vending machine operations (Page 10)	67,677	68,513
Pro shop operations (Page 10)	47,573	40,400
Other	<u>29,103</u>	<u>21,243</u>
	<u>1,008,203</u>	<u>969,703</u>

Expenditure

Salaries and wages	507,672	492,680
Employee benefits	191,238	114,981
Amortization	4,972	6,559
Utilities	177,902	170,888
Maintenance and repairs	74,555	107,895
General administration	23,892	23,300
Insurance	10,726	10,313
Legal settlement	-	15,000
Professional fees	<u>5,320</u>	<u>5,130</u>
	<u>996,277</u>	<u>946,746</u>

Net revenue	11,926	22,957
Vehicle and equipment reserve contribution (Note 5)	(10,000)	(10,000)
Net revenue payable to the City of Toronto	<u>(4,422)</u>	<u>(2,186)</u>
Annual capital (deficiency) surplus	(2,496)	10,771
Opening accumulated capital surplus	<u>16,479</u>	<u>5,708</u>
Ending accumulated capital surplus	<u>\$ 13,983</u>	<u>\$ 16,479</u>

See accompanying notes to the financial statements.

**Committee of Management for the
Forest Hill Memorial Arena
Statement of Net Assets**

Year Ended December 31	2011	2010
Annual capital (deficiency) surplus	\$ (2,496)	\$ 10,771
Acquisition of tangible capital assets	(2,476)	(17,330)
Amortization of tangible capital assets	<u>4,972</u>	<u>6,559</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
Forest Hill Memorial Arena
Statement of Cash Flows**

Year Ended December 31

2011

2010

Increase (decrease) in cash and short term deposits

Cash flows from operating transactions

Annual capital (deficiency) surplus	\$ (2,496)	\$ 10,771
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Non-cash charges to operations

Amortization	4,972	6,559
Receivables	-	2,134
- City of Toronto		
- Ice Rentals	33,835	(33,298)
Inventories	1,508	4,846
Payable and accruals	(2,516)	4,272
- City of Toronto		
- Other	(23,884)	(7,682)
Net revenue payable to	4,423	8,961
- City of Toronto		
Deferred revenue	<u>(5,227)</u>	<u>(20,255)</u>
	<u>10,615</u>	<u>(23,692)</u>

Purchase of capital assets	<u>(2,476)</u>	<u>(17,330)</u>
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Net (decrease) increase in cash	8,139	(41,022)
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Cash, beginning of year	<u>56,720</u>	<u>97,742</u>
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Cash, end of year	\$ <u>64,859</u>	\$ <u>56,720</u>
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See accompanying notes to the financial statements.

Committee of Management for the Forest Hill Memorial Arena Notes to the Financial Statements

December 31, 2011

1. Establishment and operations

The Forest Hill 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. 361-70 of the former Village of Forest Hill, 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 of Management 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 of Management 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 include the following:

Revenue recognition

Revenues and expenditures are recorded on an accrual basis.

Inventories

Inventories held for resale are valued at cost.

Capital assets

Tangible capital assets - any acquisitions are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment - 5 years straight-line

The Arena acquired capital assets from the date of establishment to 2008. 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

Committee of Management for the Forest Hill Memorial Arena Notes to the Financial Statements

December 31, 2011

2. Summary of significant accounting policies (continued)

Capital assets (continued)

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

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 paid in advance are recorded as deferred revenue.

Services provided without charge by the City are not recorded in these financial statements.

3. Accrued liabilities owing to the City of Toronto	<u>2011</u>	<u>2010</u>
The amount due to the City of Toronto consists of the following:		
Light and power	\$ <u>28,116</u>	\$ <u>30,632</u>

4. Operating surplus (deficit) due (from) to the City of Toronto	<u>2011</u>	<u>2010</u>
The amount due to the City of Toronto consists of the following:		
Balance, beginning of year	\$ 8,961	\$ (2,134)
Current year's operating surplus	1,926	12,958
Current year's furniture and equipment purchase	(2,476)	(17,330)
Current year's amortization	4,972	6,559
Received during the current year	<u>-</u>	<u>8,908</u>
Balance, end of year	\$ <u>13,383</u>	\$ <u>8,961</u>

**Committee of Management for the
Forest Hill Memorial Arena
Notes to the Financial Statements**

December 31, 2011

5. 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 contribution amount is \$10,000 per year.

6. 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
Forest Hill Memorial Arena**

Year Ended December 31

2011

2010

Schedule of Snack Bar and Vending Machine Operations

Sales		
Snack bar	\$ 118,991	\$ 122,969
Vending machine	<u>2,874</u>	<u>3,849</u>
	<u>121,865</u>	<u>126,818</u>
Cost of goods sold	<u>54,188</u>	<u>58,305</u>
Gross profit	\$ <u>67,677</u>	\$ <u>68,513</u>

Schedule of Pro Shop Operations

Sales		
Pro shop	\$ 65,668	\$ 63,480
Cost of goods sold	<u>18,095</u>	<u>23,080</u>
Gross profit	\$ <u>47,573</u>	\$ <u>40,400</u>

**Committee of Management for the
Forest Hill Memorial Arena
Schedule of Tangible Capital Assets**

Year Ended December 31

2011

2010

Furniture and equipment

Cost

Balance, beginning of year	\$ 24,465	\$ 7,135
Add: Additions during the year	<u>2,476</u>	<u>17,330</u>
	<u>26,941</u>	<u>24,465</u>

Accumulated amortization

Balance, beginning of year	7,986	1,427
Add: Amortization during the year	<u>4,972</u>	<u>6,559</u>
	<u>12,958</u>	<u>7,986</u>
	\$ <u>13,983</u>	\$ <u>16,479</u>