



Grant Thornton

APPENDIX 2

TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

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

December 31, 2011

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Independent 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 accompanying financial statements of **Committee of Management for the George Bell Arena**, which comprise the statement of financial position as at December 31, 2011, statement of operations and accumulated surplus, 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 George Bell 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
April 19, 2012

Chartered accountants
Licensed Public Accountants

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

December 31

2011

2010

Financial assets

Cash		
Receivables - ice rentals and other	\$ 81,806	\$ 101,003
Prepays	23,616	25,322
	535	535
Due from City of Toronto - operating deficit (Note 3)	6,471	-
Recoverable from City of Toronto - energy retrofit (Note 4)	75,761	91,414
Due from City of Toronto - employee benefits (Note 5)	270,318	279,789
Inventory	9,176	7,244
	<u>467,683</u>	<u>505,307</u>

Liabilities

Payables and accruals		
- City of Toronto	29,912	36,724
- Other	44,046	40,575
- Due to the City of Toronto – surplus (Note 3)	-	9,021
Deferred revenue	32,646	32,784
Loan payable to City of Toronto - energy retrofit project costs (Note 6)	75,761	91,414
City of Toronto - working cash advance	15,000	15,000
Employee benefits payable (Note 5)	270,318	279,789
	<u>467,683</u>	<u>505,307</u>

Net financial assets

-

Non-financial assets

Tangible capital assets net (Page 12)


-

Accumulated surplus

\$ -

Approved on behalf of the Committee of Management

 Chair

 Member

See accompanying notes to the financial statements.

Committee of Management for the George Bell Arena Statement of Operations

Year Ended December 31

2011

2010

	2011	2010
Revenue		
Ice rentals	\$ 509,477	\$ 499,860
Summer floor rental	5,438	4,550
Snack bar and vending machine operations (Page 10)	9,654	7,039
Pro shop operations (Page 11)	(486)	184
Facility rentals	9,178	4,249
Other	6,361	13,029
Funding from the City for employee related costs (Note 5)	(9,471)	(8,175)
	<u>530,151</u>	<u>520,736</u>
Expenditures		
Salaries and wages	252,782	243,371
Employee benefits	83,323	79,227
Utilities	86,100	92,226
Maintenance and repairs	75,223	65,933
General administration	7,799	7,327
Insurance	10,104	9,715
Professional fees	13,130	9,738
Employee related costs (Note 5)	(9,471)	(8,175)
Energy retrofit program debt repayment (Note 6)	15,653	-
Vehicle and equipment replacement reserve (Note 7)	11,000	10,000
	<u>545,643</u>	<u>509,362</u>
Net (expenditure) surplus	(15,492)	11,374
Net expenditure receivable from (surplus payable to) the City of Toronto	<u>15,492</u>	<u>(11,374)</u>
Annual surplus	-	-
Opening accumulated surplus	-	-
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

2011

2010

Increase (decrease) in cash		
Cash flows from operating transactions		
Annual surplus	\$ -	\$ -
Non-cash changes to operations		
Receivables	1,706	16,351
Inventories	(1,932)	(1,184)
Payables and accruals - City of Toronto	(6,812)	(11,542)
- Other	3,471	13,635
Deferred revenue	(138)	9,099
Net revenue (payable) receivable from City of Toronto	<u>(15,492)</u>	<u>37,627</u>
Net (decrease) increase in cash	(19,197)	63,986
Cash, beginning of year	<u>101,003</u>	<u>37,017</u>
Cash, end of year	\$ <u>81,806</u>	\$ <u>101,003</u>

See accompanying notes to the financial statements.

Committee of Management for the George Bell Arena

Notes to the Financial Statements

December 31, 2011

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, 2011

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>2011</u>	<u>2010</u>
The amount due from (to) the City of Toronto consists of the following:		
Balance, beginning of year	\$ (9,021)	\$ 28,606
Current year's net expenditure (surplus)	15,492	(11,374)
Funds received during the year	<u>-</u>	<u>(26,253)</u>
Balance, end of year	\$ <u>6,471</u>	\$ <u>(9,021)</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.

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

December 31, 2011

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, 2011.

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

	<u>2011</u>	<u>2010</u>
Long term disability benefits	\$ 351,954	\$ 357,936
Deduct: Unamortized actuarial loss	<u>81,636</u>	<u>78,147</u>
Employee benefit liability	\$ <u>270,318</u>	\$ <u>279,789</u>

The continuity of the accrued benefit obligation during 2011 is as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 279,789	\$ 287,964
Current service cost	-	-
Interest cost	13,542	15,448
Amortization of actuarial loss	12,852	12,360
Expected benefits paid	<u>(35,865)</u>	<u>(35,983)</u>
Balance, end of year	\$ <u>270,318</u>	\$ <u>279,789</u>

Expenditures in 2011 relating to employee benefits are included on the statement of operations and include the following components:

	<u>2011</u>	<u>2010</u>
Current services cost	\$ -	\$ -
Interest cost	13,542	15,448
Amortization of actuarial loss	<u>12,852</u>	<u>12,360</u>
	26,394	27,808
Less expected benefits paid during year	<u>(35,865)</u>	<u>(35,983)</u>
Total expenditures related to long term disability benefits	\$ <u>(9,471)</u>	\$ <u>(8,175)</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.

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

December 31, 2011

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

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

	<u>2011</u>	<u>2010</u>
City of Toronto - loan payable	\$ <u>75,761</u>	\$ <u>91,414</u>

7. Vehicle and equipment replacement reserve

These contributions are for the financing of replacement ice resurfacers required by the Arena Boards in future years. The arena contributed \$9,355 per year commencing in 2004 until 2008, \$10,000 in 2009 and 2010. The contribution was increased to \$11,000 in 2011.

8. Fair value of financial instruments

The carrying value of cash, receivables, due from and to City of Toronto, payables and accruals 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

2011

2010

Sales		
Snack bar		
Cost of goods sold	\$ 39,209	\$ 43,001
	<u>19,014</u>	<u>22,798</u>
Gross profit	20,195	20,203
Direct expenses		
Wages and benefits		
	<u>10,541</u>	<u>13,164</u>
Net profit	\$ <u>9,654</u>	\$ <u>7,039</u>

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

Year Ended December 31

	2011	2010
Sales	\$ 1,428	\$ 2,396
Cost of goods sold	<u>1,164</u>	<u>598</u>
Gross profit	264	1,798
Direct expenses		
Wages and benefits	<u>750</u>	<u>1,614</u>
Net (loss) profit	\$ <u>(486)</u>	\$ <u>184</u>

**Committee of Management for the
George Bell Arena
Schedule of Tangible Capital Assets**

Year Ended December 31, 2011

	Furniture and Equipment	<u>2011</u>	<u>2010</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>