



Financial Statements

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

December 31, 2011

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Independent Auditor's Report

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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 accompanying financial statements of the **Committee of Management for the McCormick Playground Arena**, which comprise the statement of financial position as at December 31, 2011, statement of operations and accumulated surplus, statement of 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 McCormick Playground 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.

Toronto, Ontario
April 25, 2012

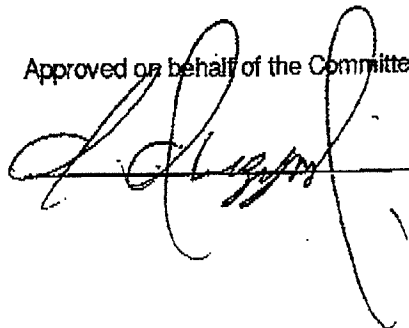
Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

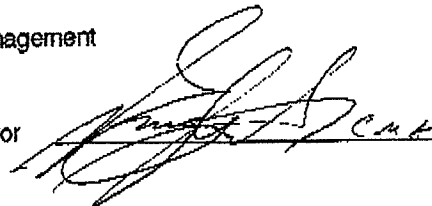
**Committee of Management for the
McCormick Playground Arena
Statement of Financial Position**

December 31	2011	2010
Financial Assets		
Cash and short term deposits	\$ 151,843	\$ 117,965
Accounts receivable	2,600	12,703
Receivable - City of Toronto (Note 5)	-	5,280
Inventory	<u>4,199</u>	<u>4,332</u>
	<u>158,642</u>	<u>140,280</u>
Liabilities		
City of Toronto (Note 3)	31,086	29,343
City of Toronto (Note 4)	42,024	38,873
City of Toronto – Working capital advance	10,000	10,000
Accounts payables and accrued expenses	55,682	41,754
Deferred revenue	19,850	15,030
Employee future benefits payable (Note 5)	<u>-</u>	<u>5,280</u>
	<u>158,642</u>	<u>140,280</u>
Net financial assets		
	-	-
Non-financial assets		
Tangible capital assets (net) (Schedule – page 13)	<u>1,220</u>	<u>1,830</u>
Accumulated surplus	<u>\$ 1,220</u>	<u>\$ 1,830</u>

Approved on behalf of the Committee of Management



Director



Director

Committee of Management for the McCormick Playground Arena Statement of Operations

Year Ended December 31 2011 2010

Revenue

Ice rentals	\$ 618,997	\$ 599,790
City of Toronto – (recovery) funding for post retirement costs	(5,280)	(40,952)
Snack bar and vending machine operations (Page 11)	8,185	7,983
Pro shop operations (Page 12)	8,340	10,029
Interest	54	3
Other	<u>1,531</u>	<u>1,546</u>
	<u>631,827</u>	<u>578,399</u>

Expenditure

Salaries and wages	335,574	329,368
Employee benefits	75,638	35,776
Utilities	96,528	133,656
Maintenance and repairs	29,164	33,239
General administration and service	22,764	20,682
Insurance	10,294	9,898
Professional fees	8,931	6,485
Amortization	<u>610</u>	<u>610</u>
	<u>579,503</u>	<u>569,714</u>

Net revenue

	52,324	8,685
Vehicle and equipment reserve contribution (Note 6)	(10,000)	(10,000)
Net revenue (payable to) receivable from the City of Toronto	<u>(42,934)</u>	<u>705</u>
Annual deficit	(610)	(610)
Opening accumulated surplus	<u>1,830</u>	<u>2,440</u>
Ending accumulated surplus	\$ <u>1,220</u>	\$ <u>1,830</u>

See accompanying notes to the financial statements.

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

Year Ended December 31	2011	2010
Annual (deficit) surplus	\$ (610)	\$ (610)
Amortization of tangible capital assets	<u>610</u>	<u>610</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

2011

2010

Increase (decrease) in cash and short term deposits

Cash flows from operating transactions

Annual deficit	\$ (610)	\$ (610)
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Non-cash charges to operations

Amortization	610	610
Receivables	10,103	(5,234)
Inventories	133	921
Payable to the City of Toronto	1,743	1,275
Net revenue payable to the City of Toronto	3,151	2,617
Payables and accruals	13,928	(15,759)
Deferred revenue	<u>4,820</u>	<u>920</u>
Cash provided (used) by operating transactions	<u>34,488</u>	<u>(15,260)</u>

Net increase (decrease) in cash	33,878	(15,260)
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Cash, beginning of year	<u>117,965</u>	<u>133,225</u>
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Cash, end of year	<u>\$ 151,843</u>	<u>\$ 117,965</u>
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See accompanying notes to the financial statements.

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

December 31, 2011

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, 2011

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	<u>2011</u>	<u>2010</u>
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The amount due to the City of Toronto consists of the following:

Light and power	\$ <u>31,086</u>	\$ <u>29,343</u>
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4. The payable to the City of Toronto	<u>2011</u>	<u>2010</u>
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The payable to City of Toronto consists of the following:

Deficit 2008	\$ -	\$ (4,870)
Net revenue receivable 2009	(205)	(205)
Net revenue receivable 2010	(705)	(705)
Net revenue payable 2011	<u>42,934</u>	<u>-</u>
	<u>42,024</u>	<u>(5,780)</u>
Hydro over-accrual	<u>-</u>	<u>39,783</u>
	<u>42,024</u>	<u>34,003</u>
Add:		
Receipt of 2008 receivable	<u>-</u>	<u>4,870</u>
Balance, end of year	<u>\$ 42,024</u>	<u>\$ 38,873</u>

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

December 31, 2011

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 2010 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2011.

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.

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

	<u>2011</u>	<u>2010</u>
Long term disability benefits	\$ -	\$ 5,428
Unamortized actuarial loss	<u>-</u>	<u>(148)</u>
	<u>\$ -</u>	<u>\$ 5,280</u>

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

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 5,280	\$ 46,232
Interest recovery (cost)	-	1,041
Amortization of actuarial gain	148	16
Expected benefits paid	<u>(5,428)</u>	<u>(42,009)</u>
	<u>\$ -</u>	<u>\$ 5,280</u>

As of December 31, 2011, the Arena no longer has any employees participating in the above plan.

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 \$24,745 (2010- \$21,498).

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

December 31, 2011

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 contribution is \$10,000 per year.

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.