



Financial Statements

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

We have audited the accompanying financial statements of the **Board of Management for the North Toronto Memorial Arena**, which comprise the financial position as at December 31, 2011, and the statement of operations and 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 the **Board of Management for the North Toronto 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.

Toronto, Ontario  
May 29, 2012

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

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

Year Ended December 31

**2011**

**2010**

**Revenue**

|   |                       |                |
|---|-----------------------|----------------|
| Ice rentals   | <b>\$ 549,680</b>     | \$ 526,868     |
| City of Toronto - recovery of expenses (Note 5)       | <b>58,146</b>         | 54,855         |
| Gate receipts   | <b>52,680</b>         | 51,014         |
| Snack bar and vending machine operations (Schedule 1) | <b>31,922</b>         | 34,929         |
| Pro shop operations (Schedule 2)                      | <b>25,215</b>         | 22,125         |
| Arena floor rentals                                   | <b>925</b>            | 890            |
| Banquet room rentals                                  | <b>22,708</b>         | 22,345         |
| Advertising   | <b>5,260</b>          | 3,000          |
| Zamboni replacement – Contribution                    | <b>10,000</b>         | 10,000         |
| Interest income                                       | <b>71</b>             | 227            |
|   | <u><b>756,607</b></u> | <u>726,253</u> |

**Expenditures**

|                         |                       |                |
|-------------------------|-----------------------|----------------|
| Salaries and wages      | <b>374,536</b>        | 358,082        |
| Employee benefits       | <b>99,333</b>         | 92,442         |
| Utilities               | <b>142,352</b>        | 142,294        |
| Maintenance and repairs | <b>72,613</b>         | 68,355         |
| General administration  | <b>32,878</b>         | 31,283         |
| Professional fees       | <b>5,820</b>          | 5,630          |
| Insurance               | <b>10,488</b>         | 10,085         |
| Amortization            | <b>1,189</b>          | 770            |
|                         | <u><b>739,209</b></u> | <u>708,941</u> |

|   |                         |                  |
|---|-------------------------|------------------|
| Net revenue   | <b>17,398</b>           | 17,312           |
| Vehicle and equipment reserve contribution (Note 6) | <b>10,000</b>           | 10,000           |
| Net revenue payable to the City of Toronto          | <u><b>(1,470)</b></u>   | <u>(2,538)</u>   |
| Annual surplus                                      | <b>5,928</b>            | 4,774            |
| Opening accumulated surplus                         | <u><b>13,297</b></u>    | <u>8,523</u>     |
| Ending accumulated surplus                          | <u><b>\$ 19,225</b></u> | <u>\$ 13,297</u> |

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

| Year Ended December 31                          | 2011         | 2010        |
|---|--------------|-------------|
| Annual surplus                                  | \$ 5,928     | \$ 4,774    |
| Acquisition of tangible capital assets (Note 7) | (7,117)      | (5,544)     |
| Amortization of tangible capital assets         | <u>1,189</u> | <u>770</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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## Board of Management for the North Toronto Memorial Arena Statement of Financial Position

December 31 2011 2010

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### Financial Assets

|             |                |                |
|-------------|----------------|----------------|
| Cash        | \$ 1,311       | \$ 66,717      |
| Receivables | 83,119         | 85,934         |
| Inventories | <u>85,217</u>  | <u>90,403</u>  |
|             | <u>169,647</u> | <u>243,054</u> |

### Liabilities

|   |                |                |
|---|----------------|----------------|
| Payables and accruals - City of Toronto         | 31,109         | 33,080         |
| - Other   | 115,311        | 120,126        |
| Deferred revenue                                | 4,074          | 72,165         |
| Net revenue payable to City of Toronto (Note 3) | 4,153          | 2,683          |
| City of Toronto - working cash advance (Note 1) | <u>15,000</u>  | <u>15,000</u>  |
|   | <u>169,647</u> | <u>243,054</u> |

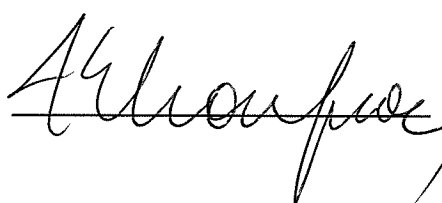
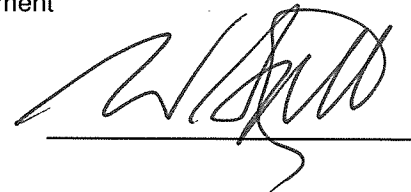
Net financial assets - -

### Non-financial assets

|  |                  |                  |
|--|------------------|------------------|
| Tangible capital assets (net) (Note 7) | <u>19,225</u>    | <u>13,297</u>    |
| Accumulated surplus                    | <u>\$ 19,225</u> | <u>\$ 13,297</u> |

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Approved on behalf of the Board of Management

|  |       |   |        |
|--|-------|---|--------|
| <br><hr style="width: 80%; margin: 0 auto;"/> | Chair | <br><hr style="width: 80%; margin: 0 auto;"/> | Member |
|--|-------|---|--------|

See accompanying notes to the financial statements.

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

Year Ended December 31 2011 2010

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

**Cash flow from operating transactions**

Annual surplus \$ 5,928 \$ 4,774

**Non-cash charges to operations**

|  |                 |               |
|--|-----------------|---------------|
| Amortization                                   | 1,189           | 770           |
| Receivables                                    | 2,815           | (4,529)       |
| Inventories                                    | 5,186           | 2,423         |
| Net revenue payable to the City of Toronto     | 1,471           | 2,203         |
| Payable and accruals                           |                 |               |
| City of Toronto                                | (1,972)         | 9,774         |
| Other  | (4,815)         | 454           |
| Deferred revenue                               | <u>(68,091)</u> | <u>67,622</u> |
| Cash provided (used) by operating transactions | <u>(58,289)</u> | <u>83,491</u> |

**Capital transactions**

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Purchase of tangible capital assets | <u>(7,117)</u> | <u>(5,544)</u> |
| Cash used in capital transactions   | <u>(7,117)</u> | <u>(5,544)</u> |

|   |                 |                  |
|---|-----------------|------------------|
| Net (decrease) increase in cash             | (65,406)        | 77,947           |
| Cash (bank indebtedness), beginning of year | <u>66,717</u>   | <u>(11,230)</u>  |
| Cash, end of year                           | <u>\$ 1,311</u> | <u>\$ 66,717</u> |

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See accompanying notes to the financial statements.



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

December 31, 2011

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## **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 Board of Management operates and manages the Arena on behalf of the City of Toronto.

Under the By-law, the Board of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Board 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 Board 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 Board's ceasing to function for any reason.

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## **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.

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# Board of Management for the North Toronto Memorial Arena Notes to the Financial Statements

December 31, 2011

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## 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 |

### 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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## 3. Net revenue payable to the City of Toronto

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

|   | <u>2011</u>     | <u>2010</u>     |
|---|-----------------|-----------------|
| Balance, beginning of year                | \$ 2,683        | \$ 480          |
| Current year's net revenue                | 1,470           | 2,538           |
| Payment of prior year's operating surplus | <u>-</u>        | <u>(335)</u>    |
| Balance, end of year                      | \$ <u>4,153</u> | \$ <u>2,683</u> |

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## Board of Management for the North Toronto Memorial Arena Notes to the Financial Statements

December 31, 2011

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### 5. City of Toronto - recovery of expenses

Under an arrangement with the City of Toronto, the Board services an artificial outdoor rink located adjacent to the Arena. The Board is reimbursed \$58,146 (2010 - \$54,855) 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.

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### 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 (2010 - \$10,000). Contributions to this reserve fund commenced in 2004.

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### 7. Tangible Capital assets

|                                   | <u>Leasehold<br/>improvements</u> | <u>Machinery<br/>and<br/>Equipment</u> | <u>2011</u>      | <u>2010</u>      |
|-----------------------------------|-----------------------------------|--|------------------|------------------|
| <b>Cost</b>                       |                                   |  |                  |                  |
| Balance, beginning of year        | \$ 4,049                          | \$ 10,386                              | \$ 14,435        | \$ 8,891         |
| Add: Additions during the year    | <u>          </u>                 | <u>7,117</u>                           | <u>7,117</u>     | <u>5,544</u>     |
|                                   | <u>4,049</u>                      | <u>17,503</u>                          | <u>21,552</u>    | <u>14,435</u>    |
| <b>Accumulated amortization</b>   |                                   |  |                  |                  |
| Balance, beginning of year        | 304                               | 834                                    | 1,138            | 368              |
| Add: Amortization during the year | <u>525</u>                        | <u>664</u>                             | <u>1,189</u>     | <u>770</u>       |
|                                   | <u>829</u>                        | <u>1,498</u>                           | <u>2,327</u>     | <u>1,138</u>     |
|                                   | <u>\$ 3,220</u>                   | <u>\$ 16,005</u>                       | <u>\$ 19,225</u> | <u>\$ 13,297</u> |

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

Year Ended December 31

2011

2010

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**Sales**

|                               |               |               |
|-------------------------------|---------------|---------------|
| Snack bar and vending machine | \$ 103,365    | \$ 104,918    |
| Less: Cost of goods sold      | <u>42,470</u> | <u>42,804</u> |
|                               | <u>60,895</u> | <u>62,114</u> |

**Direct expenses**

|             |                  |                  |
|-------------|------------------|------------------|
| Wages       | 27,574           | 26,767           |
| Maintenance | <u>1,399</u>     | <u>418</u>       |
|             | <u>28,973</u>    | <u>27,185</u>    |
|             | \$ <u>31,922</u> | \$ <u>34,929</u> |

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

Year Ended December 31

2011

2010

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**Sales**

|                          |               |               |
|--------------------------|---------------|---------------|
| Pro shop                 | \$ 51,736     | \$ 60,624     |
| Less: Cost of goods sold | <u>21,222</u> | <u>33,372</u> |
|                          | <u>30,514</u> | <u>27,252</u> |

**Direct expenses**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Wages                 | 4,410            | 3,895            |
| Equipment maintenance | <u>889</u>       | <u>1,232</u>     |
|                       | <u>5,299</u>     | <u>5,127</u>     |
|                       | \$ <u>25,215</u> | \$ <u>22,125</u> |