



APPENDIX 5

TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

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

December 31, 2011

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Independent Auditor's 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

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, 2011, and the statement of operations, net assets and 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, 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 17, 2012

Chartered Accountants
Licensed Public Accountants

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

December 31 2011 2010

Financial Assets

Cash	\$ 73,725	\$ 151,455
Receivables	116,490	79,014
Inventories	5,310	5,028
Future energy retrofit savings (Note 3)	<u>-</u>	<u>25,572</u>
	<u>195,525</u>	<u>261,069</u>

Liabilities

Payables and accruals		
- City of Toronto (Note 4)	69,795	124,418
- Other	85,385	63,321
Deferred revenue (Note 5)	25,345	32,758
City of Toronto - Working cash advance (Note 1)	15,000	15,000
- Energy retrofit loan (Note 6)	<u>-</u>	<u>25,572</u>
	<u>195,525</u>	<u>261,069</u>

Net financial assets

- -


Non-financial assets

Tangible capital assets (net) (Schedule – page 13)	<u>51,381</u>	<u>59,529</u>
	<u>51,381</u>	<u>59,529</u>

Accumulated Surplus	\$ <u>51,381</u>	\$ <u>59,529</u>
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Approved on behalf of the Committee of Management

 Chair

 Treasurer

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

Year Ended December 31	2011	2010
Revenue		
Ice rentals	\$ 535,006	\$ 519,760
Snack bar and vending machine operations (Schedule 1 – page 11)	28,137	14,659
Contracted services - outdoor rink (Schedule 2 – page 12)	27,125	26,500
Lacrosse rentals	24,987	25,720
Other	<u>16,311</u>	<u>15,570</u>
	<u>631,567</u>	<u>602,209</u>
Expenditures		
Salaries and wages	315,957	308,915
Employee benefits	64,721	62,361
Utilities	105,745	89,576
Maintenance and repairs	100,086	61,822
General administration	17,468	18,795
Insurance	10,920	10,500
Professional fees	5,815	7,055
Amortization	<u>8,148</u>	<u>8,148</u>
	<u>628,860</u>	<u>567,172</u>
Net revenue	2,707	35,037
Vehicle and equipment replacement reserve contribution	(10,000)	(10,000)
Energy retrofit loan repayment	-	(6,393)
Net revenue (payable to) the City of Toronto (Note 4)	<u>(855)</u>	<u>(602)</u>
Annual (deficit) surplus	(8,148)	18,042
Opening accumulated surplus	<u>59,529</u>	<u>41,487</u>
Ending accumulated surplus	<u>\$ 51,381</u>	<u>\$ 59,529</u>

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

Year Ended December 31	2011	2010
Annual (deficit) surplus	\$ (8,148)	\$ 18,042
Acquisition of tangible capital assets	-	(26,190)
Amortization of tangible capital assets	<u>8,148</u>	<u>8,148</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>

**Committee of Management for the
Ted Reeve Community 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) surplus	\$ (8,148)	\$ 18,042
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Non-cash charges to operations

Amortization	8,148	8,148
Receivables	(37,476)	8,118
Inventories	(282)	1,788
Payable to the City of Toronto	(54,623)	19,409
Payables and accruals	22,064	(3,302)
Deferred revenue	<u>(7,413)</u>	<u>(7,235)</u>
Cash (used) provided by operating transactions	<u>(77,730)</u>	<u>44,968</u>

Capital transactions

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

Net (decrease) increase in cash	(77,730)	18,778
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Cash, beginning of year	<u>151,455</u>	<u>132,677</u>
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Cash, end of year	<u>\$ 73,725</u>	<u>\$ 151,455</u>
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Committee of Management for the Ted Reeve Community Arena Notes to the Financial Statements

December 31, 2011

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.

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

Prior to 2010, it was the Arena's policy to expense purchases of capital assets in the period acquired. Commencing January 2010, Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board requires entities to record these purchases as capital assets and amortize them over their useful lives. The implementation of these policies has resulted in the Arena changing its method of accounting for tangible capital assets from expensing them when purchased to capitalizing and amortizing them over their estimated useful lives.

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

December 31, 2011

2. Summary of significant accounting policies (continued)

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 deferred revenue.

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

3. Future energy retrofit savings (see also Notes 4 and 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. 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.

4. Payable to the City of Toronto

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

	<u>2011</u>	<u>2010</u>
Hydro	\$ 13,197	\$ 57,523
Health benefits	2,291	4,099
Prior year's operating surplus- 2009	1,206	1,206
Prior year's operating surplus - 2010	602	602
Current year's operating surplus - 2011	855	-
Vehicle and equipment reserve advance	500	8,664
Energy retrofit debt payments due	<u>51,144</u>	<u>25,572</u>
Net payable to the City	\$ <u>69,795</u>	\$ <u>124,418</u>

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

December 31, 2011

5. Deferred revenue

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

	<u>2011</u>	<u>2010</u>
Ice rentals	\$ 17,851	\$ 21,515
Donations	<u>7,494</u>	<u>11,243</u>
	<u>\$ 25,345</u>	<u>\$ 32,758</u>

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. The amounts due for 2007 to 2011 are now included in the payable to the City of Toronto (Note 4).

	<u>2011</u>	<u>2010</u>
City of Toronto - loan payable	\$ <u>-</u>	\$ <u>25,572</u>

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 was required to contribute \$9,355 per year for the first five years for the vehicle and equipment reserve commencing 2004. In 2010 the City of Toronto increased the contribution to \$10,000.

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.

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

December 31, 2011

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 \$27,125 (adjusted annually) for administration and the General Manager's services.

10. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

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

Schedule 1

Year Ended December 31

2011

2010

Sales

Snack bar	\$ 80,182	\$ 79,109
Vending machine	<u>14,610</u>	<u>14,871</u>
	94,792	93,980
Less: Cost of goods sold	<u>(41,149)</u>	<u>48,402</u>
Gross profit	53,643	45,578
Direct expenses		
Wages and benefits	<u>25,506</u>	<u>30,919</u>
Net profit	\$ <u>28,137</u>	\$ <u>14,659</u>

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

Year Ended December 31

2011

Schedule 2

2010

Revenue

Administration	\$ 27,125	\$ 26,500
Recovery of expenses	<u>126,365</u>	<u>114,918</u>
	<u>153,490</u>	<u>141,418</u>

Expenditure

Wages	49,044	50,150
Employee benefits	11,108	8,535
Utilities	43,851	37,104
Maintenance and repairs	13,346	12,820
Miscellaneous	<u>9,016</u>	<u>6,309</u>
	<u>126,365</u>	<u>114,918</u>

Net revenue	\$ <u>27,125</u>	\$ <u>26,500</u>
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**Committee of Management for the
Ted Reeve Community 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	\$ 73,207	\$ 73,207	\$ 47,017
Add: Additions during the year	<u>-</u>	<u>-</u>	<u>26,190</u>
	<u>73,207</u>	<u>73,207</u>	<u>73,207</u>
Accumulated amortization			
Balance, beginning of year	13,678	13,678	5,530
Add: Amortization during the year	<u>8,148</u>	<u>8,148</u>	<u>8,148</u>
	<u>21,826</u>	<u>21,826</u>	<u>13,678</u>
	\$ <u>51,381</u>	\$ <u>51,381</u>	\$ <u>59,529</u>