

TO BE SIGNED AND  
RETURNED TO  
GRANT THORNTON



Financial Statements

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

December 31, 2012

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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 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, 2012, statement of operations and accumulated surplus 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 George Bell Arena** as at December 31, 2012, 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  
March 21, 2013


*Grant Thornton LLP*


Chartered accountants  
Licensed Public Accountants

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

December 31	2012	2011
<b>Financial assets</b>		
Cash	\$ 79,540	\$ 81,806
Receivables - ice rentals and other	10,419	23,616
Prepays	535	535
Due from City of Toronto - operating deficit (Note 3)	-	6,471
Recoverable from City of Toronto - energy retrofit (Note 4)	60,108	75,761
Due from City of Toronto - employee benefits (Note 5)	258,717	270,318
Inventory	6,705	9,176
	<u>416,024</u>	<u>467,683</u>
<b>Liabilities</b>		
Payables and accruals		
- City of Toronto	-	29,912
- Other	46,080	44,046
- Due to the City of Toronto – surplus (Note 3)	4,118	-
Deferred revenue	32,001	32,646
Loan payable to City of Toronto - energy retrofit project costs (Note 6)	60,108	75,761
City of Toronto - working cash advance	15,000	15,000
Employee benefits payable (Note 5)	258,717	270,318
	<u>416,024</u>	<u>467,683</u>
<b>Net financial assets</b>	-	-
<b>Non-financial assets</b>		
Tangible capital assets net (Page 12)	-	-
<b>Accumulated surplus</b>	\$ -	\$ -

Approved on behalf of the Committee of Management

 Chair

 Member

See accompanying notes to the financial statements.

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

Year Ended December 31

**2012**

**2011**

**Revenue**

Ice rentals	<b>\$ 490,021</b>	\$ 509,477
Summer floor rental	<b>3,862</b>	5,438
Snack bar and vending machine operations (Page 10)	<b>8,418</b>	9,654
Pro shop operations (Page 11)	<b>(1,540)</b>	(486)
Facility rentals	<b>17,145</b>	9,178
Other	<b>19,464</b>	6,361
Funding from the City for employee related costs (Note 5)	<b><u>(11,601)</u></b>	<u>(9,471)</u>
	<b><u>525,769</u></b>	<u>530,151</u>

**Expenditures**

Salaries and wages	<b>248,800</b>	252,782
Employee benefits	<b>86,730</b>	83,323
Utilities	<b>85,933</b>	86,100
Maintenance and repairs	<b>59,591</b>	75,223
General administration	<b>6,636</b>	7,799
Insurance	<b>9,715</b>	10,104
Professional fees	<b>9,355</b>	13,130
Employee related costs (Note 5)	<b>(11,601)</b>	(9,471)
Energy retrofit program debt repayment (Note 6)	<b>15,653</b>	15,653
Vehicle and equipment replacement reserve (Note 7)	<b><u>11,000</u></b>	<u>11,000</u>
	<b><u>521,812</u></b>	<u>545,643</u>

Net surplus (expenditure) **3,957** (15,492)

Net (surplus payable to) expenditure receivable from  
the City of Toronto **(3,957)** 15,492

Annual surplus - -

Opening accumulated surplus - -

Ending accumulated surplus **\$ -** **\$ -**

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See accompanying notes to the financial statements.

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**Committee of Management for the  
George Bell Arena  
Statement of Cash Flows**

Year Ended December 31 2012 2011

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Increase (decrease) in cash

**Cash flows from operating transactions**

Annual surplus	\$ -	\$ -
Non-cash changes to operations		
Receivables	13,197	1,706
Inventories	2,471	(1,932)
Payables and accruals - City of Toronto	(29,912)	(6,812)
- Other	2,034	3,471
Deferred revenue	(645)	(138)
Change in deficit/surplus due from/to – City of Toronto	<u>10,589</u>	<u>(15,492)</u>
Net (decrease) in cash	(2,266)	(19,197)
Cash, beginning of year	<u>81,806</u>	<u>101,003</u>
Cash, end of year	\$ <u>79,540</u>	\$ <u>81,806</u>

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See accompanying notes to the financial statements.

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

December 31, 2012

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## **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.

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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 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 subsequently are being capitalized and amortized in accordance with the Arena's policies. There have been no capital assets purchased since January 1, 2009.



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

December 31, 2012

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### 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.

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### 3. Operating deficit receivable from (payable to) the City of Toronto

	<u>2012</u>	<u>2011</u>
The amount due from (to) the City of Toronto consists of the following:		
Balance, beginning of year	\$ 6,471	\$ (9,021)
Current year's net (surplus) expenditure	(3,957)	15,492
Funds received during the year	<u>(6,632)</u>	<u>-</u>
Balance, end of year	\$ <u>(4,118)</u>	\$ <u>6,471</u>

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### 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 was reported as both capital funding and as 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.

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

December 31, 2012

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### 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 as of December 31, 2012 which includes projections to 2015.

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

	<u>2012</u>	<u>2011</u>
Long term disability benefits	\$ 332,693	\$ 351,954
Deduct: Unamortized actuarial loss	<u>73,976</u>	<u>81,636</u>
Employee benefit liability	<u>\$ 258,717</u>	<u>\$ 270,318</u>

The continuity of the accrued benefit obligation during 2012 is as follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 270,318	\$ 279,789
Interest cost	10,310	13,542
Amortization of actuarial loss	13,874	12,852
Expected benefits paid	<u>(35,785)</u>	<u>(35,865)</u>
Balance, end of year	<u>\$ 258,717</u>	<u>\$ 270,318</u>

Expenditures in 2012 relating to employee benefits are included on the statement of operations and include the following components:

	<u>2012</u>	<u>2011</u>
Interest cost	\$ 10,310	\$ 13,542
Amortization of actuarial loss	<u>13,874</u>	<u>12,852</u>
	24,184	26,394
Less expected benefits paid during year	<u>(35,785)</u>	<u>(35,865)</u>
Total expenditures related to long term disability benefits	<u>\$ (11,601)</u>	<u>\$ (9,471)</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.

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

December 31, 2012

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**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>2012</u>	<u>2011</u>
City of Toronto - loan payable	\$ <u>60,108</u>	\$ <u>75,761</u>

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**7. Vehicle and equipment replacement reserve**

These contributions are for the financing of replacement ice resurfacer machines required by the Arena Boards in future years.

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**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.

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**Committee of Management for the  
George Bell Arena  
Schedule of Snack Bar and Vending Machine Operations**

Year Ended December 31	2012	2011
Sales		
Snack bar and vending machine	\$ 37,307	\$ 39,209
Cost of goods sold	<u>19,099</u>	<u>19,014</u>
Gross profit	18,208	20,195
Direct expenses		
Wages and benefits	<u>9,790</u>	<u>10,541</u>
Net profit	\$ <u>8,418</u>	\$ <u>9,654</u>

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

Year Ended December 31	2012	2011
Sales	\$ 504	\$ 1,428
Cost of goods sold	<u>1,759</u>	<u>1,164</u>
Gross profit	(1,255)	264
Direct expenses		
Wages and benefits	<u>285</u>	<u>750</u>
Net loss	\$ <u>(1,540)</u>	\$ <u>(486)</u>