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Grant Thornton

Financial Statements

Committee of Management for the William H. Bolton Arena

December 31, 2012

Contents

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 William H. Bolton Arena

We have audited the accompanying financial statements of the **Committee of Management for the William H. Bolton Arena**, which comprise the Statement of Financial Position as at December 31, 2012, statement of operations and accumulated surplus, statement of 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 public sector accounting standards, 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 William H. Bolton 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 public sector accounting standards.

Grant Thornton LLP

Toronto, Ontario
May 21, 2013

Chartered Accountants
Licensed Public Accountants

Committee of Management for the William H. Bolton Arena
Statement of Financial Position

December 31	2012	2011
Financial Assets		
Cash and cash equivalents	**$ 98,047**	$ 68,650
Investment (Note 3)	**51,070**	50,564
Receivables - ice rentals and other	**-**	68,105
Interest receivable	**332**	468
Operating deficit due from the City of Toronto (Note 5)	**139,080**	168,766
Inventory	**13,576**	18,189
	302,105	374,742
Liabilities		
Payables and accruals		
- City of Toronto (Note 4)	**-**	18,749
- Other	**53,649**	33,077
Deferred revenue	**211,712**	298,872
Employee related liabilities (Note 6)	**26,744**	18,284
City of Toronto - working capital advance	**10,000**	10,000
	302,105	378,982
Net Financial assets (liabilities)	**-**	(4,240)
Non Financial Assets		
Prepaids	**-**	4,240
Tangible capital assets (Page 10)	**3,268**	6,008
Accumulated surplus	**$ 3,268**	$ 6,008

Approved on behalf of the Committee of Management

Peter S Groves Chair ____________ Member

See accompanying notes to the financial statements.

Committee of Management for the William H. Bolton Arena
Statement of Operations

Year Ended December 31	**2012**	2011
Revenue		
Ice rentals	**$ 235,581**	$ 241,047
Program registration	**596,919**	500,111
Snack bar and vending machine operations (Page 10)	**17,889**	20,663
Pro shop operations (Page 11)	**26,471**	18,806
Interest	**934**	1,023
Other	**2,958**	3,758
	880,752	785,408
Expenditure		
Salaries and wages	**349,516**	349,405
Employee benefits	**95,774**	82,369
Utilities	**117,392**	115,397
Program material and supplies	**183,720**	168,885
Maintenance and repairs	**90,379**	110,980
General administration	**37,880**	40,079
Insurance	**9,102**	10,696
Professional fees	**8,220**	7,277
Amortization	**2,740**	2,740
	894,723	887,828
Net expenditure	**(13,971)**	(102,420)
Vehicle and equipment replacement reserve contribution (Note 7)	**(11,000)**	(11,000)
Net revenue receivable from the City of Toronto	**22,231**	116,849
Annual (deficit) surplus	**(2,740)**	3,429
Opening accumulated surplus	**6,008**	2,579
Ending accumulated surplus	**$ 3,268**	$ 6,008

See accompanying notes to the financial statements.

Committee of Management for the William H. Bolton Arena
Statement of Net Assets

Year Ended December 31		**2012**		2011
Annual (deficit) surplus	**$**	**(2,740)**	$	3,429
Acquisition of tangible capital assets		**-**		(6,169)
Amortization of tangible capital assets		**2,740**		2,740
Cost of prepaids		**-**		(4,240)
Change in net financial assets		**-**		(4,240)
Net financial assets (liabilities), beginning of year		**-**		-
Net financial assets (liabilities), end of year	**$**	**-**	$	(4,240)

See accompanying notes to the financial statements.

Committee of Management for the William H. Bolton Arena
Statement of Cash Flows

Year Ended December 31	2012	2011
Increase (decrease) in cash and cash equivalents		
Cash flows from operating transactions		
Annual (deficit) surplus	**$ (2,740)**	$ 3,429
Non cash charges to operations		
Amortization	**2,740**	2,740
Receivables	**68,105**	(54,353)
Prepaids	**4,240**	(4,240)
Inventories	**4,613**	12,364
Net receivable from City of Toronto	**10,937**	(110,100)
Payables and accruals - other	**20,572**	4,253
Interest receivable	**136**	(458)
Employee related liabilities	**8,460**	(38,408)
Deferred revenue	**(87,160)**	107,147
Cash provided (used) from operations	**29,903**	(77,626)
Capital transactions		
(Addition) reduction in investments	**(506)**	49,436
Purchase of tangible capital assets	**-**	(6,169)
Cash (used) generated in capital transactions	**(506)**	43,267
Net increase (decrease) in cash	**29,397**	(34,359)
Cash and cash equivalents, beginning of year	**68,650**	103,009
Cash and cash equivalents, end of year	**$ 98,047**	$ 68,650

See accompanying notes to the financial statements.

1. Establishment and operations

The William H. Bolton 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.

Cash and cash equivalents
Cash and cash equivalents are defined as cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash within three months of deposit.

Tangible capital assets
Capital assets 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 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

2. Summary of significant accounting policies (continued)

at a nominal amount and all capital assets acquired subsequent are being capitalized and amortized in accordance with the Arena's policies.

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.

The vested sick leave benefit is calculated at the salary levels in effect at the end of each year for all unused vested sick pay credit accruing to employees.

3. Investment

The investment consists of a one year cashable G.I.C. which matures January 28, 2013.

4. Accrued liabilities owing to the City of Toronto

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

	2012	2011
Hydro	$ -	$ 18,749

5. Operating deficit due from the City of Toronto

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

	2012	2011
Balance, beginning of year	$ 168,766	$ 51,917
Received during year	(51,917)	-
Current year's net revenue receivable	22,231	116,849
Balance, end of year	$ 139,080	$ 168,766

6. Employee-related liabilities

The Committee participates in the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employed plan, on behalf of its full time employees. The 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 rates of pay. Total contribution by the Arena and the employees during the year was $48,005 (2011 - $40,066).

The Committee also provides a liability for employees' sick day entitlements. The sick leave benefit payable at year end is $26,744 (2011 - $18,284).

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 that will be provided by the City of Toronto. Currently the contribution is $11,000 per year.

Committee of Management for the William H. Bolton Arena
Schedule of Snack Bar and Vending Machine Operations

Year Ended December 31	2012	2011
(1) Snack bar and vending machine operations		
Sales		
Snack Bar	$ **34,903**	$ 36,951
Vending machine	**15,830**	15,319
	50,733	52,270
Cost of goods sold	**32,844**	31,607
Gross profit	$ **17,889**	$ 20,663

	2012	2011
(2) Pro shop operations		
Sales		
Pro shop	$ **33,368**	$ 29,431
Skate sharpening	**22,225**	22,223
	55,593	51,654
Cost of goods sold	**29,122**	32,848
Gross profit	$ **26,471**	$ 18,806

(3) Tangible capital assets

	Computer Equipment	Furniture and Equipment	2012	2011
Cost				
Balance, beginning of year	$ 3,809	$ 7,350	$ **11,159**	$ 4,990
Add: Additions during the year	-	-	**-**	6,169
	3,809	7,350	**11,159**	11,159
Accumulated amortization				
Balance, beginning of year	2,306	2,845	**5,151**	2,411
Add: Amortization during the year	1,270	1,470	**2,740**	2,740
	3,576	4,315	**7,891**	5,151
Net book value of Tangible Capital Assets	$ 233	$ 3,035	$ **3,268**	$ 6,008