



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

Board of Management for the Moss Park 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 Board of Management for the Moss Park Arena

We have audited the accompanying financial statements of Board of Management for Moss Park Arena, which comprise the financial position as at December 31, 2012, 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 public sector accounting 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 [consolidated] 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.

Board of Management for the Moss Park Arena

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Management of Moss Park 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.

Toronto, Ontario
June 12, 2013

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Moss Park Arena
Statement of Operations**

Year Ended December 31

2012

2011

Revenue

| | | |
|---|-----------------------|-----------------------|
| Ice rentals | \$ 407,824 | \$ 384,277 |
| Hockey School, camps and league operations (Page 10) | 292,567 | 278,351 |
| Snack bar and vending operations (Page 11) | 21,970 | 19,217 |
| Pro shop and skate sharpening (Page 12) | 20,067 | 21,618 |
| Facility rentals | 5,398 | 4,835 |
| Other | 779 | 667 |
| Funding from the City of Toronto for employee related costs (Note 5) | <u>1,743</u> | <u>2,819</u> |
| | <u>750,348</u> | <u>711,784</u> |

Expenditures

| | | |
|---------------------------------|-----------------------|-----------------------|
| Salaries and wages | 375,876 | 361,437 |
| Utilities | 130,873 | 130,497 |
| Employee benefits | 96,546 | 90,094 |
| General administration | 46,278 | 48,416 |
| Maintenance and repairs | 70,119 | 46,368 |
| Professional fees | 6,740 | 6,354 |
| Insurance | 9,969 | 10,368 |
| Amortization | 3,792 | 4,084 |
| Employee related costs (Note 5) | <u>1,743</u> | <u>2,819</u> |
| | <u>741,936</u> | <u>700,437</u> |

| | | |
|--|-------------------------|-------------------------|
| Net revenue | 8,412 | 11,347 |
| Vehicle and equipment reserve contribution (Note 6) | (10,000) | (10,000) |
| Net revenue receivable from (payable to) the City of Toronto | <u>3,721</u> | <u>(4,181)</u> |
| Annual surplus (deficit) | 2,133 | (2,834) |
| Opening accumulated surplus | <u>23,136</u> | <u>25,970</u> |
| Ending accumulated surplus | <u>\$ 25,269</u> | <u>\$ 23,136</u> |

See accompanying notes to the financial statements.

**Board of Management for the
Moss Park Arena
Statement of Net Assets**

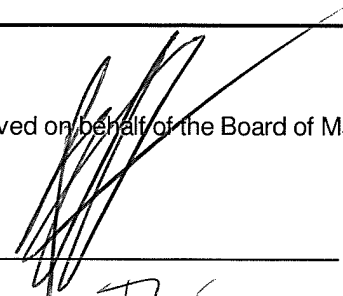
| Year Ended December 31 | 2012 | 2011 |
|---|--------------|--------------|
| Annual surplus (deficit) | \$ 2,133 | \$ (2,834) |
| Acquisition of tangible capital assets | (5,925) | (1,250) |
| Amortization of tangible capital assets | <u>3,792</u> | <u>4,084</u> |
| Change in net financial assets | - | - |
| Net financial assets, beginning of year | <u>-</u> | <u>-</u> |
| Net financial assets, end of year | \$ <u>-</u> | \$ <u>-</u> |

See accompanying notes to the financial statements.

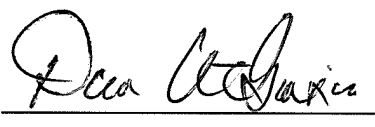
**Board of Management for the
Moss Park Arena
Statement of Financial Position**

| December 31 | 2012 | 2011 |
|---|------------------|------------------|
| Financial Assets | | |
| Cash | \$ 35,112 | \$ 94,270 |
| Receivables | 123,875 | 121,918 |
| Prepays | 566 | 439 |
| Inventories | 4,745 | 6,091 |
| Due from the City of Toronto - employee benefits (Note 5) | <u>308,221</u> | <u>306,478</u> |
| | <u>472,519</u> | <u>529,196</u> |
| Liabilities | | |
| Payables and accruals | | |
| - City of Toronto (Note 3) | 5,583 | 18,496 |
| - City of Toronto (Note 4) | 460 | 61,436 |
| - Other | 57,615 | 45,436 |
| Deferred revenue | 90,640 | 87,350 |
| City of Toronto - working cash advance (Note 1) | 10,000 | 10,000 |
| - employee benefits payable (Note 5) | <u>308,221</u> | <u>306,478</u> |
| | <u>472,519</u> | <u>529,196</u> |
| Net financial assets | - | - |
| Non-financial assets | | |
| Tangible capital assets (net) (Note 7) | <u>25,269</u> | <u>23,136</u> |
| Accumulated surplus | <u>\$ 25,269</u> | <u>\$ 23,136</u> |

Approved on behalf of the Board of Management



Paul Dineen
Chair



DAN ATKINSON
Member

See accompanying notes to the financial statements.

**Board of Management for the
Moss Park Arena
Statement of Cash Flows**

Year Ended December 31

2012

2011

Increase (decrease) in cash

Cash flows from operating transactions

| | | |
|--------------------------|----------|------------|
| Annual surplus (deficit) | \$ 2,133 | \$ (2,834) |
|--------------------------|----------|------------|

Non-cash charges to operations

| | | |
|---|-----------------|---------------|
| Amortization | 3,792 | 4,084 |
| Receivables | (1,957) | 15,094 |
| Inventories | 1,346 | (1,615) |
| Prepays | (127) | 355 |
| Payable to the City of Toronto | (12,913) | (234) |
| Net revenue payable to the City of Toronto | (60,976) | 4,181 |
| Payables and accruals | 12,179 | 14,174 |
| Deferred revenue | <u>3,290</u> | <u>7,915</u> |
| Cash (used by) provided by operating transactions | <u>(53,233)</u> | <u>41,120</u> |

Capital transactions

| | | |
|-------------------------------------|----------------|----------------|
| Purchase of tangible capital assets | <u>(5,925)</u> | <u>(1,250)</u> |
| Cash used in capital transactions | <u>(5,925)</u> | <u>(1,250)</u> |

| | | |
|---------------------------------|----------|--------|
| Net (decrease) increase in cash | (59,158) | 39,870 |
|---------------------------------|----------|--------|

| | | |
|-------------------------|---------------|---------------|
| Cash, beginning of year | <u>94,270</u> | <u>54,400</u> |
|-------------------------|---------------|---------------|

| | | |
|-------------------|------------------|------------------|
| Cash, end of year | <u>\$ 35,112</u> | <u>\$ 94,270</u> |
|-------------------|------------------|------------------|

See accompanying notes to the financial statements.

Board of Management for the Moss Park Arena Notes to the Financial Statements

December 31, 2012

1. Establishment and operations

The Moss Park 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. 1995 - 0448, as amended. 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.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government 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 held for resale are valued at cost.

Tangible 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 |
| Machine and equipment | - 10 years straight-line |

Other

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.

Ice rentals paid in advance are recorded as deferred revenue.

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

Board of Management for the Moss Park Arena Notes to the Financial Statements

December 31, 2012

3. Payable to the City of Toronto 2012 2011

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

| | | |
|--|-----------------|------------------|
| Hot water tank replacement (2011 - Light, power and water) | \$ <u>5,584</u> | \$ <u>18,496</u> |
|--|-----------------|------------------|

4. Payable to the City of Toronto 2012 2011

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

| | | |
|-------------------------------|----------------|------------------|
| Net revenue payable 2009 | \$ - | \$ 28,342 |
| Net revenue payable 2010 | - | 28,913 |
| Net revenue payable 2011 | 4,181 | 4,181 |
| Net revenue (receivable) 2012 | <u>(3,721)</u> | <u>-</u> |
| Balance, end of year | \$ <u>460</u> | \$ <u>61,436</u> |

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 completed in 2010.

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> |
|--|-------------------|-------------------|
| Continuation of benefits to disabled employees | \$ 146,189 | \$ 159,674 |
| Income benefits | 248,587 | 251,469 |
| Sick leave benefits | 74,565 | 51,913 |
| Deduct: Unamortized actuarial loss | <u>(161,120)</u> | <u>(156,578)</u> |
| Employee benefit liability | \$ <u>308,221</u> | \$ <u>306,478</u> |

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| The continuity of the accrued benefit obligation is as follows: | | |
| Balance, beginning of year | \$ 306,478 | \$ 303,660 |
| Current service cost | 2,740 | 2,516 |
| Interest cost | 13,977 | 17,698 |
| Amortization of actuarial loss | 25,448 | 23,763 |
| Expected benefits paid | <u>(40,422)</u> | <u>(41,158)</u> |
| Balance, end of year | \$ <u>308,221</u> | \$ <u>306,478</u> |

Board of Management for the Moss Park Arena Notes to the Financial Statements

December 31, 2012

5. Employee-related liabilities (continued)

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> |
|--|---------------------|---------------------|
| Current service cost | \$ 2,740 | \$ 2,516 |
| Interest cost | 13,977 | 17,698 |
| Amortization of actuarial loss | <u>25,448</u> | <u>23,763</u> |
| | 42,165 | 43,977 |
| Less: Expected benefits paid | <u>(40,422)</u> | <u>(41,158)</u> |
| Total expenditures related to post-retirement benefits | \$ <u>1,743</u> | \$ <u>2,819</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.

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. This year's contribution was \$10,000 (2011 - \$10,000).

7. Tangible Capital assets

| | <u>Computer Equipment</u> | <u>Machinery and Equipment</u> | <u>2012</u> | <u>2011</u> |
|-------------------------------------|-------------------------------|--|---------------|---------------|
| Cost | | | | |
| Balance, beginning of year | \$ 3,910 | \$ 28,437 | \$ 32,347 | \$ 31,097 |
| Add: Additions during the year | <u>-</u> | <u>5,925</u> | <u>5,925</u> | <u>1,250</u> |
| | 3,910 | 34,362 | 38,272 | 32,347 |
| Accumulated amortization | | | | |
| Balance, beginning of year | 3,258 | 5,953 | 9,211 | 5,127 |
| Add: Amortization during the year | <u>652</u> | <u>3,140</u> | <u>3,792</u> | <u>4,084</u> |
| | <u>3,910</u> | <u>9,093</u> | <u>13,003</u> | <u>9,211</u> |
| | \$ - | \$ 25,269 | \$ 25,269 | \$ 23,136 |

**Board of Management for the
Moss Park Arena
Schedule of Hockey School, Camp and League Operations**

Year Ended December 31 2012 2011

Sales

| | | |
|----------------------------|----------------|----------------|
| Hockey League Registration | \$ 148,592 | \$ 158,916 |
| Hockey Winter League | 42,881 | 42,990 |
| Hockey School Camp | 83,855 | 55,736 |
| Hockey School Registration | 74,463 | 65,280 |
| Women's pickup | <u>3,228</u> | <u>-</u> |
| | <u>353,019</u> | <u>322,922</u> |

Direct expenses

| | | |
|---------------------------------------|---------------|---------------|
| Hockey League Referees | 29,705 | 30,575 |
| Hockey League (trophies and bequests) | 6,902 | 7,854 |
| Hockey School and Camp | 9,508 | 667 |
| Hockey School and Camp Instructors | <u>14,337</u> | <u>5,475</u> |
| | <u>60,452</u> | <u>44,571</u> |

| | | |
|---------------------|--------------------------|--------------------------|
| Gross profit | \$ <u>292,567</u> | \$ <u>278,351</u> |
|---------------------|--------------------------|--------------------------|

**Board of Management for the
Moss Park Arena
Schedule of Snack Bar and Vending Machine Operations**

Year Ended December 31 2012 2011

| Sales | | |
|--------------------------|-------------------------|-------------------------|
| Snack bar | \$ 27,927 | \$ 24,211 |
| Vending machines | <u>14,107</u> | <u>15,388</u> |
| | 42,034 | 39,599 |
| Less: Cost of goods sold | <u>20,064</u> | <u>20,382</u> |
| Gross profit | \$ <u>21,970</u> | \$ <u>19,217</u> |

**Board of Management for the
Moss Park Arena
Schedule of Pro Shop and Sharpening Operations**

Year Ended December 31

2012

2011

Sales

| | | |
|--------------------------|---------------|---------------|
| Pro Shop | \$ 17,873 | \$ 23,807 |
| Skate sharpening | <u>14,858</u> | <u>15,746</u> |
| | 32,731 | 39,553 |
| Less: Cost of goods sold | <u>12,664</u> | <u>17,935</u> |

Gross profit

\$ 20,067 \$ 21,618