



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

**Committee of Management for the Ted Reeve
Community 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
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, 2012, 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 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 Ted Reeve Community 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 29, 2013

Chartered Accountants
Licensed Public Accountants

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

December 31	2012	2011
Financial Assets		
Cash	\$ 169,566	\$ 73,725
Receivables	63,714	116,490
Inventories	<u>5,211</u>	<u>5,310</u>
	<u>238,491</u>	<u>195,525</u>
Liabilities		
Payables and accruals		
- City of Toronto (Note 3)	56,157	69,795
- Other	137,877	85,385
Deferred revenue (Note 4)	29,457	25,345
City of Toronto - Working cash advance (Note 1)	<u>15,000</u>	<u>15,000</u>
	<u>238,491</u>	<u>195,525</u>
Net financial assets	-	-
Non-financial assets		
Tangible capital assets (net) (Schedule – page 13)	<u>44,060</u>	<u>51,381</u>
	<u>44,060</u>	<u>51,381</u>
Accumulated Surplus	<u>\$ 44,060</u>	<u>\$ 51,381</u>

Approved on behalf of the Committee of Management

Keith Bly Chair

J. S. O'Pica Treasurer

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

Year Ended December 31	2012	2011
Revenue		
Ice rentals	\$ 540,280	\$ 535,006
Snack bar and vending machine operations (Schedule 1 – page 11)	24,268	28,137
Contracted services - outdoor rink (Schedule 2 – page 12)	27,375	27,125
Lacrosse rentals	26,066	24,987
Other	<u>23,957</u>	<u>16,311</u>
	<u>641,946</u>	<u>631,567</u>
Expenditures		
Salaries and wages	324,234	315,957
Employee benefits	68,708	64,721
Utilities	105,788	105,745
Maintenance and repairs	94,956	100,086
General administration	19,034	17,468
Insurance	10,500	10,920
Professional fees	7,550	5,815
Amortization	<u>7,321</u>	<u>8,148</u>
	<u>638,092</u>	<u>628,860</u>
Net revenue	3,854	2,707
Vehicle and equipment replacement reserve contribution	(10,000)	(10,000)
Net revenue payable to the City of Toronto (Note 3)	<u>(1,175)</u>	<u>(855)</u>
Annual deficit	(7,321)	(8,148)
Opening accumulated surplus	<u>51,381</u>	<u>59,529</u>
Ending accumulated surplus	<u>\$ 44,060</u>	<u>\$ 51,381</u>

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

Year Ended December 31	2012	2011
Annual surplus (deficit)	\$ (7,321)	\$ (8,148)
Amortization of tangible capital assets	<u>7,321</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

2012

2011

Increase (decrease) in cash

Cash flows from operating transactions

Annual deficit \$ (7,321) \$ (8,148)

Non-cash charges to operations

Amortization 7,321 8,148

Receivables 52,776 (37,476)

Inventories 99 (282)

Payable to the City of Toronto (13,638) (54,623)

Payables and accruals 52,492 22,064

Deferred revenue 4,112 (7,413)

Cash provided (used) by operating transactions 95,841 (77,730)

Cash, beginning of year 73,725 151,455

Cash, end of year \$ 169,566 \$ 73,725

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

December 31, 2012

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 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 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, 2012

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 deposits.

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

3. Payables to the City of Toronto

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

	<u>2012</u>	<u>2011</u>
Hydro	\$ -	\$ 13,197
Health benefits	3,327	2,291
Prior year's operating surplus - 2009	-	1,206
Prior year's operating surplus - 2010	-	602
Current year's operating surplus	1,175	855
Vehicle and equipment reserve advance	500	500
Energy retrofit debt payments due	<u>51,155</u>	<u>51,155</u>
Net payable to the City	\$ <u>56,157</u>	\$ <u>69,795</u>

4. Deferred revenue

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

	<u>2012</u>	<u>2011</u>
Ice rentals	\$ 21,963	\$ 17,851
Donations	<u>7,494</u>	<u>7,494</u>
	\$ <u>29,457</u>	\$ <u>25,345</u>

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

December 31, 2012

5. 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 is 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.

6. 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 statement of financial position 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.

7. 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 \$27,375 (adjusted annually) for administration and the General Manager's services.

Ted Reeve Community Arena
Snack Bar and Vending Machine Operations

Schedule 1

Year Ended December 31

2012

2011

Sales

Snack bar \$ 79,820 \$ 80,182
Vending machine 12,123 14,610

91,943 **94,792**

Less: Cost of goods sold

(41,952) (41,149)

Gross profit

49,991 **53,643**

Direct expenses

Wages and benefits 25,723 25,506

Net profit

\$ 24,268 **\$ 28,137**

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

Schedule 2
2011

Year Ended December 31

2012

Revenue

Administration	\$ 27,375	\$ 27,125
Recovery of expenses	<u>157,146</u>	<u>126,365</u>
	<u>184,521</u>	<u>153,490</u>

Expenditure

Wages	74,273	49,044
Employee benefits	9,147	11,108
Utilities	46,875	43,851
Maintenance and repairs	20,101	13,346
Miscellaneous	<u>6,750</u>	<u>9,016</u>
	<u>157,146</u>	<u>126,365</u>

Net revenue	\$ <u>27,375</u>	\$ <u>27,125</u>
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**Committee of Management for the
Ted Reeve Community Arena
Tangible Capital Assets**

Year Ended December 31, 2012

Schedule 3

Furniture and equipment	<u>2012</u>	<u>2011</u>
Cost		
Balance, beginning of year	\$ 73,207	\$ 73,207
Add: Additions during the year	<u>-</u>	<u>-</u>
	<u>73,207</u>	<u>73,207</u>
Accumulated amortization		
Balance, beginning of year	21,826	13,678
Add: Amortization during the year	<u>7,321</u>	<u>8,148</u>
	<u>29,147</u>	<u>21,826</u>
	<u>\$ 44,060</u>	<u>\$ 51,381</u>