



TO BE SIGNED AND
RETURNED TO
GRANT THORNTON

Financial Statements

**Board of Management for the Leaside Memorial
Community Gardens**

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 Leaside Memorial Community
Gardens

We have audited the accompanying financial statements of Board of Management for the Leaside Memorial Community Gardens, which comprise the statement of financial position as at December 31, 2012, statements of operations, net assets and 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 Board of Management for the Leaside Memorial Community Gardens 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
May 15, 2013

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**Board of Management for the
Leaside Memorial Community Gardens
Statement of Financial Position**

December 31	2012	2011
Financial assets		
Cash	\$ 109,556	\$ 275,160
Receivables	139,780	139,459
Inventories	3,615	3,879
Amount due from the City of Toronto (Note 3)	256,701	91,095
Amounts to be recovered - City of Toronto (Note 4)	<u>79,488</u>	<u>88,134</u>
	<u>589,140</u>	<u>597,727</u>
Liabilities		
Payables and accruals		
City of Toronto	347,726	340,651
Other	61,349	72,706
Deferred revenue	54,762	44,131
Deposits	4,022	10,312
Employee benefits payable (Note 5)	<u>121,281</u>	<u>129,927</u>
	<u>589,140</u>	<u>597,727</u>
Net financial assets	-	-
Non-financial assets		
Tangible capital assets (Page 17)	<u>3,976</u>	<u>2,815</u>
Accumulated surplus	\$ <u>3,976</u>	\$ <u>2,815</u>

Approved on behalf of the Board of Management


Chair


Treasurer

See accompanying notes to the financial statements.

**Board of Management for the
Leaside Memorial Community Gardens
Statement of Operations**

Year Ended December 31	2012	2011
Revenue		
Arena (page 12)	\$ 498,046	\$ 523,715
Pool (page 13)	198,316	205,187
Banquet/Meeting Room (page 14)	41,017	78,008
Snack Bar and vending (page 15)	38,321	43,063
Other income	<u>6,618</u>	<u>17,091</u>
	<u>782,318</u>	<u>867,064</u>
Expenditure		
Arena (page 12)	352,082	311,671
Pool (page 13)	116,115	123,808
Banquet/Meeting Room (page 14)	24,997	47,304
Snack Bar and vending (page 15)	41,678	42,318
Allocations	<u>328,803</u>	<u>325,510</u>
	<u>863,675</u>	<u>850,611</u>
(Deficit) surplus of revenue over expenditure before the following	(81,357)	16,453
Vehicle and equipment reserve contribution (Note 7)	<u>(10,000)</u>	<u>(10,000)</u>
Net (deficit) surplus	(91,357)	6,453
Net deficit receivable (surplus payable) to the City of Toronto	<u>92,518</u>	<u>(7,860)</u>
Annual surplus (deficit)	1,161	(1,407)
Opening accumulated surplus	<u>2,815</u>	<u>4,222</u>
Ending accumulated surplus	<u>\$ 3,976</u>	<u>\$ 2,815</u>

See accompanying notes to the financial statements.

**Board of Management for the
Leaside Memorial Community Gardens
Statement of Net Assets**

Year Ended December 31	2012	2011
Annual surplus (deficit)	\$ 1,161	\$ (1,407)
Acquisition of tangible capital assets	(3,211)	-
Amortization of tangible capital assets	<u>2,050</u>	<u>1,407</u>
Change in net financial assets	-	-
Net financial assets (liabilities), beginning of year	<u>-</u>	<u>-</u>
Net financial assets (liabilities), end of year	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

**Board of Management for the
Leaside Memorial Community Gardens
Statement of Cash Flows**

Year Ended December 31	2012	2011
Increase (decrease) in cash		
Cash flows from operating transactions		
Annual surplus (deficit)	\$ <u>1,161</u>	\$ <u>(1,407)</u>
Non-cash charges to operations:		
Amortization	2,050	1,407
Receivables	(321)	(65,585)
Inventories	264	186
Net revenue due to the City of Toronto	(165,606)	7,860
Payables and accruals - City of Toronto	7,075	15,582
- Other	(11,357)	8,477
Deferred revenue	10,631	(79,038)
Deposits	(6,290)	(3,931)
Amounts to be recovered - City of Toronto	8,646	8,944
Employee benefits payable	(8,646)	(8,944)
Cash provided by operating transactions	<u>(163,554)</u>	<u>(115,042)</u>
Investing		
Purchase of tangible capital assets	<u>(3,211)</u>	-
Net decrease in cash	(165,604)	(116,499)
Cash, beginning of year	<u>275,160</u>	<u>391,609</u>
Cash, end of year	<u>\$ 109,556</u>	<u>\$ 275,160</u>

See accompanying notes to the financial statements.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2012

1. Establishment and operations

The Leaside Memorial Community Gardens was established as a Memorial Community Centre under the Community Recreation Centres Act (RSO 1990, Chapter C.22), pursuant to Chapter 25 of the City of Toronto Municipal Code, by By-law No. 1374 (former Town of Leaside, December 17, 1951), as amended. The Board of Management operates and manages the Memorial Community Centre (the Centre) 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

2. Summary of 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:

Revenue recognition

Revenues and expenditures are recorded on an accrual basis.

Inventories

Inventories held for resale are valued at cost.

Tangible capital assets

Any acquisitions greater than \$500 are recorded as capital assets 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

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.

Employee related costs

The Arena's contributions to a multi-employer, defined benefit pension plan, and health care costs are expensed when contributions are made. The costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.

For post-retirement benefits, the obligation is recorded as a long term employee benefit liability and represents costs, which will be funded by the City of Toronto as benefits are paid.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2012

2. Significant accounting policies (continued)

Sick leave benefit

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

Deposits and deferred revenue

Ice rentals and rental deposits for the auditorium paid in advance are recorded as deposits or deferred revenue, if the amount has been invoiced.

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the year. Liabilities established for employee benefits and related costs charged to the statement of operation depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the Arena's best information and judgement and may change significantly with the next detailed valuation.

Contributed material and services

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

3. Amount due from the City of Toronto	<u>2012</u>	<u>2011</u>
2002 operating deficit due, as restated	\$ 178,906	\$ 178,906
2007 deficit	43,794	43,794
2007 advance	(92,760)	(92,760)
2007 receipt	(17,928)	(17,928)
2008 over payment (24,997-24,987)	10	10
Adjustment to 2004 deficit due to change in accounting policy	9,355	9,355
Adjustment to 2006 deficit due to change in accounting policy	449	449
Loan payments made for 2003 and 2006	42,357	42,357
2009 net revenue payable	-	(64,449)
2010 net revenue payable	-	(779)
2011 net revenue payable	-	(7,860)
2012 deficit	<u>92,518</u>	<u>-</u>
	\$ 256,701	\$ 91,095

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2012

4. Amounts to be recovered - City of Toronto	<u>2012</u>	<u>2011</u>
Employee benefits - post-retirement benefits	\$ 59,488	\$ 68,134
Expansion deposit	<u>20,000</u>	<u>20,000</u>
	<u>\$ 79,488</u>	<u>\$ 88,134</u>

The amounts shown above will ultimately be received from the City when the post-retirement benefits are paid and the expansion funds are used.

5. Employee benefits

Leaside participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits. Under the sick leave plan for administration staff, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave Leaside's employment. The actual liability for these accumulated days is \$123,061 and represents the extent to which they have vested and could be taken in cash by an employee on terminating. Leaside also provides health, dental, life insurance and long term disability benefits to employees. The same health, dental and life insurance benefits are provided to administration retirees until age 65 and reduced benefits thereafter.

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. The actuarial valuation has resulted in an actuarial gain of \$56,961 which is being amortized on a straight-line basis over a period of between 12.8 years and 16 years.

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

	<u>2012</u>	<u>2011</u>
Post retirement benefits	\$ 15,764	\$ 17,294
Sick leave benefits	<u>48,556</u>	<u>47,150</u>
	64,320	64,444
Add: unamortized actuarial gain	<u>56,961</u>	<u>65,483</u>
Employee benefit liability	<u>\$ 121,281</u>	<u>\$ 129,927</u>

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2012

5. Employee benefits (continued)

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

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 129,927	\$ 138,871
Current service cost	769	662
Interest cost	2,329	2,522
Amortization of actuarial gain	(11,268)	(11,634)
Expected benefits paid	<u>(476)</u>	<u>(494)</u>
Balance, end of year	\$ <u>121,281</u>	\$ <u>129,927</u>

Expenditures in 2012 relating to employee benefits are included as employee benefit expenses for administration on the statement of operations and include the following components:

	<u>2012</u>	<u>2011</u>
Current service cost	\$ 769	\$ 662
Interest cost	2,329	2,522
Amortization of actuarial gain	(11,268)	(11,634)
Less expected benefits paid during the year	<u>(476)</u>	<u>(494)</u>
Total expenditures related to post-retirement and post-employment benefits	\$ <u>(8,646)</u>	\$ <u>(8,944)</u>

In addition, the Board makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employed plan, on behalf of most of its 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.

6. Pool agreement with City of Toronto

Under an agreement between the Board of Management of Leaside Memorial Community Gardens and the former Corporation of the Borough of East York and now the City of Toronto, the Board is appointed to operate, manage and maintain the swimming pool facility located at 1073 Millwood Road. The agreement commenced on October 1, 1996 and was for a one year period and without notice to terminate the agreement from either party, automatically renews for successive one year terms.

The agreement requires the City of Toronto to pay an annual rental fee to the Board of Management of Leaside Memorial Community Gardens for the swimming pool facility equal to the annual capital and operating deficits as authorized by the Board and approved by the City.

As at December 31, 2012, \$198,316 (2011 - \$205,187) is receivable from the City of Toronto for rental fees owing to Leaside Memorial Community Gardens for the current year. This amount has been included in the balance sheet as a reduction to accounts payable and accrued liabilities - City of Toronto.

Board of Management for the Leaside Memorial Community Gardens Notes to the Financial Statements

December 31, 2012

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. In 2012, the contribution was \$10,000 (2011 - \$10,000).

8. Expansion

The Arena Board received approval from Toronto City Council through the 2012 capital budget for the construction of a second ice pad on adjacent lands acquired by the City of Toronto. The projected total cost of the project is \$12.5 million, of this up to \$7.5 million will be provided through irrevocable debt repayable by the Arena Board over 30 years and Infrastructure Ontario will provide up to \$1.5 million through a subordinate non-recourse loan repayable by the Arena Board over 20 years. The City of Toronto will provide \$1.0 million from Reserve Funding. The Arena Board has met and paid its fundraising obligation to the City of Toronto of \$2.5 million. Construction began in July 2012.

9. Construction impacts

The start of the construction phase of the Leaside second pad expansion brought several impacts to the operations in 2012. In preparation for construction the usual six week spring ice rental period was cancelled so maintenance work in the existing arena could begin prior to construction commencing. Site preparation and construction began in June 2012 and resulted in the immediate closure of the William Lea Room, this earlier than planned closure resulted in lost rental revenue for the last half of 2012. Throughout the fall of 2012 construction related issues (lost power, cut gas lines) also impact operations to a lesser degree.

10. Fair value of financial instruments

The carrying value of cash, accounts receivable, due from and to the 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.

**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Arena Operations**

Year Ended December 31	2012	2011
Revenue		
Arena ice rental	\$ 487,230	\$ 505,165
Dasher board rental	<u>10,816</u>	<u>18,550</u>
	<u>498,046</u>	<u>523,715</u>
Expenditure		
Wages	174,792	168,206
Equipment repairs and maintenance	10,439	17,544
Building repairs and maintenance	59,171	21,161
Ice resurfacers	19,620	10,512
Hydro	68,389	72,404
Gas	<u>19,671</u>	<u>21,844</u>
	<u>352,082</u>	<u>311,671</u>
Allocated expenses		
Office/management salaries	113,074	115,524
Office supplies	6,892	7,562
Telephone/fax	3,921	3,927
Amortization	1,374	943
Advertising/promotion	-	100
Bank service charges	288	362
Travel expense	2,860	2,499
Employee benefits	66,869	63,831
Garbage removal	3,015	890
General supplies	1,830	2,463
Security	1,730	742
Professional fees	5,028	4,392
Weekend paging	2,629	2,530
Insurance	7,874	8,189
Uniforms	2,914	2,806
Professional upgrade	<u>-</u>	<u>1,331</u>
	<u>220,298</u>	<u>218,091</u>
	<u>572,380</u>	<u>529,762</u>
Balance before the following	(74,334)	(6,407)
Vehicle and equipment reserve contributions (Note 7)	<u>(10,000)</u>	<u>(10,000)</u>
Net expense	\$ (84,334)	\$ (16,407)

**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Pool Operations**

Year Ended December 31

2012

2011

Revenue		
Pool	\$ <u>198,316</u>	\$ <u>205,187</u>
Expenditure		
Wages	61,295	64,017
Building repairs and maintenance	22,781	21,552
Shop supplies	5,183	7,007
Hydro	<u>26,856</u>	<u>31,232</u>
	<u>116,115</u>	<u>123,808</u>
Allocated expenses		
Office/management salaries	42,192	43,106
Office supplies	2,572	2,822
Telephone/fax	1,463	1,465
Amortization	513	352
Advertising/promotion	-	38
Bank service charges	107	135
Travel expense	1,067	932
Employee benefits	24,951	23,818
Garbage removal	1,125	332
General supplies	683	919
Security	645	277
Professional fees	1,876	1,639
Weekend paging	981	944
Insurance	2,938	3,056
Uniforms	1,087	1,047
Professional upgrade	-	497
	<u>82,201</u>	<u>81,379</u>
	<u>198,316</u>	<u>205,187</u>
Net revenue	\$ <u>-</u>	\$ <u>-</u>

**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Banquet/Meeting Room Operations**

Year Ended December 31

2012

2011

Revenue

Banquet/meeting room	\$ <u>41,017</u>	\$ <u>78,008</u>
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Expenditure

Food and bar purchases	416	573
Other purchases	3,566	4,793
Wages - full time	7,875	15,290
Wages - part time	7,054	13,697
Building repairs and maintenance	1,078	5,534
Hydro	5,008	7,345
Equipment repairs and maintenance	-	72
	<u>24,997</u>	<u>47,304</u>

Allocated expenses

Office/management salaries	13,501	13,794
Office supplies	823	903
Telephone/fax	468	469
Amortization	164	112
Advertising/promotion	-	12
Bank service charges	34	43
Travel expense	342	298
Employee benefits	7,984	7,622
Garbage removal	360	107
General supplies	219	295
Security	207	88
Professional fees	600	524
Weekend paging	314	302
Insurance	940	977
Uniforms	348	335
Professional upgrade	-	159
	<u>26,304</u>	<u>26,040</u>
	<u>51,301</u>	<u>73,344</u>

Net (expense) revenue

	\$ <u>(10,284)</u>	\$ <u>4,664</u>
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**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Snack Bar and Vending Operations**

Year Ended December 31

2012

2011

Revenue

Snack bar and vending \$ 38,321 \$ 43,063

Expenditure

Snack bar and vending 22,718 23,910

Wages 18,960 18,408

41,678 42,318

Net (expense) revenue

\$ (3,357) \$ 745

**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Other Income**

Year Ended December 31	2012	2011
Other income		
Sign rental	\$ 2,420	\$ 4,270
Mediacom sign revenue	3,042	8,860
Parking lot	613	2,787
Miscellaneous income	543	-
Interest income	-	1,174
	<u>\$ 6,618</u>	<u>\$ 17,091</u>

**Board of Management for the
Leaside Memorial Community Gardens
Schedule of Tangible Capital Assets**

Year Ended December 31, 2012

Furniture and Equipment	<u>2012</u>	<u>2011</u>
Cost		
Balance, beginning of year	\$ 7,037	\$ 7,037
Add: Additions during the year	<u>3,211</u>	<u>-</u>
	<u>10,248</u>	<u>7,037</u>
Accumulated amortization		
Balance, beginning of year	4,222	2,815
Add: Amortization during the year	<u>2,050</u>	<u>1,407</u>
	<u>6,272</u>	<u>4,222</u>
Net book value of tangible capital assets	<u>\$ 3,976</u>	<u>\$ 2,815</u>