



Financial Statements

**Committee of Management for the McCormick  
Playground Arena**

December 31, 2012

# Contents

	<b>Page</b>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	9
Schedule of Snack Bar and Vending Machine Operations	10
Schedule of Pro Shop Operations	10
Schedule of Tangible Capital Assets	10



# Independent Auditor's Report

Grant Thornton LLP  
19th Floor, Royal Bank Plaza South Tower  
200 Bay Street, Box 55  
Toronto, ON  
M5J 2P9  
T +1 416 366 0100  
F +1 416 360 4949  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Council of the Corporation of the  
**City of Toronto and the Committee of Management for the  
McCormick Playground Arena**

We have audited the accompanying financial statements of the **Committee of Management for the McCormick Playground Arena**, which comprise the statement of financial position as at December 31, 2012, statement of operations and accumulated surplus, statement of net assets 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 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 McCormick Playground 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  
May 29, 2013

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

**Committee of Management for the  
McCormick Playground Arena  
Statement of Financial Position**

December 31	2012	2011
<b>Financial Assets</b>		
Cash	\$ 66,194	\$ 115,143
Investments (Note 3)	36,700	36,700
Accounts receivable	13,926	2,600
Inventory	<u>4,323</u>	<u>4,199</u>
	<u>121,143</u>	<u>158,642</u>
<b>Liabilities</b>		
City of Toronto (Note 4)	31,230	31,086
City of Toronto (Note 5)	25,345	42,024
City of Toronto – Working capital advance	10,000	10,000
Accounts payables and accrued expenses	37,688	55,682
Deferred revenue	<u>16,880</u>	<u>19,850</u>
	<u>121,143</u>	<u>158,642</u>
<b>Net financial assets</b>	-	-
<b>Non-financial assets</b>		
Tangible capital assets (net) (Schedule – page 11)	<u>16,850</u>	<u>1,220</u>
Accumulated surplus	<u>\$ 16,850</u>	<u>\$ 1,220</u>

Approved on behalf of the Committee of Management

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

See accompanying notes to the financial statements.

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## Committee of Management for the McCormick Playground Arena Statement of Operations

Year Ended December 31 2012 2011

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### Revenue

Ice rentals	\$ 626,604	\$ 618,997
City of Toronto – (recovery) for post retirement costs	-	(5,280)
Snack bar and vending machine operations (Page 11)	6,777	8,185
Pro shop operations (Page 11)	7,166	8,340
Interest	94	54
Other	<u>7,801</u>	<u>1,531</u>
	<b><u>648,442</u></b>	<b><u>631,827</u></b>

### Expenditure

Salaries and wages	353,199	335,574
Employee benefits	90,406	75,638
Utilities	133,160	96,528
Maintenance and repairs	26,055	29,164
General administration and service	17,503	22,764
Insurance	9,898	10,294
Professional fees	5,510	8,931
Amortization	<u>4,670</u>	<u>610</u>
	<b><u>640,401</u></b>	<b><u>579,503</u></b>

<b>Surplus of revenue over expenditure</b>	<b>8,041</b>	<b>52,324</b>
Vehicle and equipment reserve contribution (Note 6)	<b>(10,000)</b>	<b>(10,000)</b>
Net deficit receivable from (surplus payable to) the City of Toronto	<u>17,589</u>	<u>(42,934)</u>
Annual surplus (deficit)	<b>15,630</b>	<b>(610)</b>
<b>Opening accumulated surplus</b>	<u><b>1,220</b></u>	<u><b>1,830</b></u>
<b>Ending accumulated surplus</b>	<b><u>\$ 16,850</u></b>	<b><u>\$ 1,220</u></b>

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See accompanying notes to the financial statements.

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**Committee of Management for the  
McCormick Playground Arena  
Statement of Net Assets**

<u>Year Ended December 31</u>	<u>2012</u>	<u>2011</u>
Annual surplus (deficit)	\$ 15,630	\$ (610)
Acquisition of tangible capital asset	(20,300)	-
Amortization of tangible capital assets	<u>4,670</u>	<u>610</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>

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See accompanying notes to the financial statements.

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**Committee of Management for the  
McCormick Playground Arena  
Statement of Cash Flows**

Year Ended December 31

2012

2011

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**Increase (decrease) in cash and short term deposits**

**Cash flows from operating transactions**

Annual surplus (deficit)	\$ 15,630	\$ (610)
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**Non-cash charges to operations**

Amortization	4,670	610
Receivables	(11,326)	10,103
Inventories	(124)	133
Payable to the City of Toronto	144	1,743
Net revenue payable to the City of Toronto	(16,679)	3,151
Payables and accruals	(17,994)	13,928
Deferred revenue	<u>(2,970)</u>	<u>4,820</u>
Cash provided (used) by operating transactions	<u>(28,649)</u>	<u>34,488</u>

**Investing**

Purchase of equipment	<u>(20,300)</u>	<u>-</u>
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Net (decrease) increase in cash	(48,949)	33,878
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Cash, beginning of year	<u>115,143</u>	<u>81,265</u>
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Cash, end of year	<u>\$ 66,194</u>	<u>\$ 115,143</u>
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See accompanying notes to the financial statements.



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# Committee of Management for the McCormick Playground Arena Notes to the Financial Statements

December 31, 2012

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## 1. Establishment and operations

The McCormick Playground Arena was established as a community recreation centre under By-law 391-71, Chapter 25 of the Community Recreation Centres Act and Section 207(58) of the Municipal Act. The Arena is operated under a Board of Management, which consists of 10 members, including 2 Council members.

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. 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:

- (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

The Arena acquired capital assets from 1995 to 2004. During this period, 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 at a nominal amount and all capital assets acquired subsequent are being capitalized and amortized in accordance with the Arena's policies.

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## Committee of Management for the McCormick Playground Arena Notes to the Financial Statements

December 31, 2012

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### 2. Summary of 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. Investment

The investment consists of a one year cashable GIC which matures April 5, 2013.

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### 4. Accrued liabilities owing to the City of Toronto

	<u>2012</u>	<u>2011</u>
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The amount due to the City of Toronto consists of the following:

Light and power	\$ <u>31,230</u>	\$ <u>31,086</u>
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### 5. Payable to the City of Toronto

	<u>2012</u>	<u>2011</u>
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The payable to City of Toronto consists of the following:

Net revenue receivable 2009	\$ -	\$ (205)
Net revenue receivable 2010	-	(705)
Net revenue payable 2011	<b>42,934</b>	42,934
Net revenue receivable 2012	<b>(17,589)</b>	-
Balance, end of year	<b>\$ <u>25,346</u></b>	<b>\$ <u>42,024</u></b>

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## **Committee of Management for the McCormick Playground Arena Notes to the Financial Statements**

December 31, 2012

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### **6. Employee benefits payable**

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. Total contribution by the Arena and the employees during the year was \$59,096 (2011- \$48,996).

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### **7. Vehicle and equipment replacement reserve**

This reserve represents contributions made to the City of Toronto for the financing of replacement ice resurfacer machines required by the Arena Boards in future years. The contribution is \$10,000 per year.

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### **8. 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 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  
McCormick Playground Arena  
Schedules**

Year Ended December 31 2012 2011

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**(1) Snack bar and vending machine operations**

<b>Sales</b>		
Snack Bar	\$ 8,571	\$ 5,700
Vending machine	<u>18,285</u>	<u>19,156</u>
	26,856	24,856
Cost of goods sold	<u>15,421</u>	<u>13,368</u>
Gross profit	11,435	11,488
Wages- snack bar	<u>4,658</u>	<u>3,303</u>
<b>Net profit</b>	<u>\$ 6,777</u>	<u>\$ 8,185</u>

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**(2) Pro shop operations**

<b>Sales</b>	\$ 8,969	\$ 10,667
Cost of goods sold	<u>1,803</u>	<u>2,327</u>
<b>Gross profit</b>	<u>\$ 7,166</u>	<u>\$ 8,340</u>

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**(3) Tangible capital assets**

**Furniture and equipment**

<b>Cost</b>		
Balance, beginning of year	\$ 3,051	\$ 3,051
Add: Additions during the year	<u>20,300</u>	<u>-</u>
	<u>23,351</u>	<u>3,051</u>
<b>Accumulated amortization</b>		
Balance, beginning of year	1,831	1,221
Add: Amortization during the year	<u>4,670</u>	<u>610</u>
Balance, end of year	<u>6,501</u>	<u>1,831</u>
<b>Net book value</b>	<u>\$ 16,850</u>	<u>\$ 1,220</u>