

**FINANCIAL STATEMENTS**  
**For**  
**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**For the year ended**  
**DECEMBER 31, 2015**

**INDEPENDENT AUDITOR'S REPORT**

To the Council of the Corporation of the

**CITY OF TORONTO AND  
COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

We have audited the accompanying financial statements of the Committee of Management of Ted Reeve Community Arena, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change in net debt, 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 Committee of Management of Ted Reeve Community Arena as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 1, 2016.

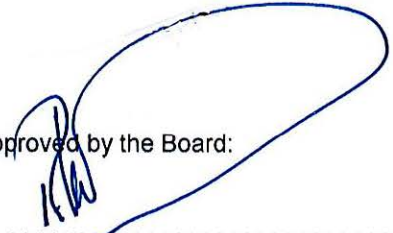
**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 235,668	\$ 100,720
Accounts receivable - City of Toronto	-	10,500
Accounts receivable - other	72,461	122,798
Due from City of Toronto - operating deficit (note 5)	13,208	2,354
Inventories	<u>6,950</u>	<u>6,032</u>
	<u>328,287</u>	<u>242,404</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities - City of Toronto	51,644	32,434
Accounts payable and accrued liabilities - other	213,985	151,779
Deferred revenue	47,658	43,191
City of Toronto - working capital advance	<u>15,000</u>	<u>15,000</u>
	<u>328,287</u>	<u>242,404</u>
<b>NET DEBT</b>	-	-
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	<u>91,244</u>	<u>38,884</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 91,244</u>	<u>\$ 38,884</u>

Approved by the Board:



..... Chair



..... Member

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2015**

	Budget <u>2015</u> (unaudited)	<u>2015</u>	<u>2014</u>
<b>Revenue</b>			
Ice rentals	\$ 565,080	\$ 585,275	\$ 578,754
Snack bar and vending machine operations (Schedule A)	33,000	38,919	18,000
Contracted services - outdoor rink (Schedule B)	29,000	29,000	28,000
Lacross rentals	37,000	37,914	32,188
Meeting room rentals	26,000	35,309	29,181
Other	<u>28,600</u>	<u>22,493</u>	<u>31,265</u>
	<u>718,680</u>	<u>748,910</u>	<u>717,388</u>
<b>Expenses</b>			
Salaries and wages	345,100	360,093	353,781
Employee benefits	73,673	74,420	70,964
Utilities	122,100	138,210	132,246
Maintenance and repairs	89,128	75,216	94,976
General administration	53,650	23,860	24,693
Insurance	11,061	10,532	11,111
Professional fees	14,000	8,959	8,135
Amortization	<u>-</u>	<u>9,140</u>	<u>8,160</u>
	<u>708,712</u>	<u>700,430</u>	<u>704,066</u>
<b>Excess revenue over expenses before the following</b>	9,968	48,480	13,322
<b>Vehicle and equipment reserve contribution (note 7)</b>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>
<b>Operating surplus (deficit)</b>	\$ <u>(32)</u>	38,480	3,322
<b>Net expenditure receivable from (revenue payable to) the City of Toronto (note 5)</b>		<u>13,880</u>	<u>(672)</u>
<b>Annual surplus</b>		52,360	2,650
<b>Accumulated surplus, beginning of year</b>		<u>38,884</u>	<u>36,234</u>
<b>Accumulated surplus, end of year</b>		\$ <u>91,244</u>	\$ <u>38,884</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Annual surplus	\$ 52,360	\$ 2,650
Acquisition of capital assets	(61,500)	(10,810)
Amortization of tangible capital assets	<u>9,140</u>	<u>8,160</u>
Change in net debt	-	-
Net debt, beginning of year	<u>-</u>	<u>-</u>
Net debt, end of year	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus	\$ 52,360	\$ 2,650
Adjustments for:		
Amortization	<u>9,140</u>	<u>8,160</u>
	61,500	10,810
Changes in non-cash working capital components:		
Accounts receivable - other	50,337	(10,742)
Accounts receivable - City of Toronto	10,500	-
Due from City of Toronto - operating deficit	(10,854)	(503)
Inventories	(918)	(330)
Prepaid expenses	-	9,179
Accounts payable and accrued liabilities - City of Toronto	19,210	(4,310)
Accounts payable and accrued liabilities - other	62,206	17,831
Deferred revenue	<u>4,467</u>	<u>7,084</u>
<b>Cash flows from operating activities</b>	<u>196,448</u>	<u>29,019</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(61,500)</u>	<u>(10,810)</u>
<b>Cash flows used in investing activities</b>	<u>(61,500)</u>	<u>(10,810)</u>
<b>INCREASE IN CASH</b>	134,948	18,209
<b>CASH AT BEGINNING OF YEAR</b>	<u>100,720</u>	<u>82,511</u>
<b>CASH AT END OF YEAR</b>	\$ <u>235,668</u>	\$ <u>100,720</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

**1. NATURE OF OPERATIONS**

The Toronto East Arena Gardens Incorporated operating as the Committee of Management of Ted Reeve Community Arena (the "Arena") was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code, By-Law No. 19484, 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 of Management 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 of Management ceasing to function for any reason.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (PSAB).

*Revenue recognition*

Revenues and expenditures are recorded on an accrual basis, when the service has been provided, evidence of an arrangement exists, the fee is fixed or determinable and the amount is collectible.

Ice rentals paid in advance are recorded as deferred revenue.

*Financial instruments*

The arena initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable and amounts due from the City of Toronto.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

*Inventories*

Inventories held for resale are initially valued at cost and subsequently at the lower of cost and net realizable value. The cost is determined on a first-in, first-out basis.

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Tangible capital assets*

Tangible capital assets 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 - 15 years straight line

*Contributed materials and services*

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not recorded in these financial statements.

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

*Employee related costs*

The Arena has adopted the following policy with respect to employee benefit plans:

The City of Toronto offers a multi-employer defined benefit pension plan to the Arena's eligible employees. Due to the nature of the plan, the Arena does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

*Use of estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenues and expenses during the reporting period. Management makes accounting estimates when determining useful life of its tangible capital assets, assessing the allowance of doubtful accounts, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and in any future years affected.



**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2015**

**3. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Arena's financial instruments.

*Credit risk*

The Arena is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Arena's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable and amounts due from City of Toronto. The Arena's cash is with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Management believes that the Arena's credit risk with respect to accounts receivable and amounts due from City of Toronto is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Arena's cash earns interest at prevailing market rates and the interest rate exposure related to this financial instrument is negligible.

*Liquidity risk*

Liquidity risk refers to the adverse consequence that the Arena will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities and amounts due to the City of Toronto.

The Arena manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Arena believes its overall liquidity risk to be minimal as the Arena's financial assets are considered to be highly liquid.

*Changes in risk*

There have been no changes in the Arena's risk exposures from the prior year.

**4. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and equipment	\$ 145,517	\$ <u>54,273</u>	\$ 84,017	\$ <u>45,133</u>
Accumulated amortization	<u>54,273</u>		<u>45,133</u>	
	<u>\$ 91,244</u>		<u>\$ 38,884</u>	

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2015**

**5. OPERATING SURPLUS (DEFICIT) DUE TO (FROM) THE CITY OF TORONTO**

The amount due to (from) the City of Toronto consists of the following:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ (2,354)	\$ (1,851)
Current year's operating surplus	38,480	3,322
Current year's tangible capital assets purchase	(61,500)	(10,810)
Current year's amortization	<u>9,140</u>	<u>8,160</u>
Net revenue payable to (expenditure recoverable from) the City of Toronto	(13,880)	672
Received (paid) during the current year	<u>3,026</u>	<u>(1,175)</u>
Balance, end of year	<u>\$ (13,208)</u>	<u>\$ (2,354)</u>

**6. EMPLOYEE-RELATED LIABILITIES**

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. 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. Employer contributions to this pension plan amounted to \$24,182 (2014 - \$22,659).

The most recent actuarial valuation of the OMERS plan as at December 31, 2015 indicates the Plan is not fully funded and the plan's December 31, 2015 financial statements indicate a deficit of \$6.98 billion (less an additional \$1.7 billion of deferred gains that must be recognized over the next four years). The plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Arena's contributions accounted for 0.0013% of the plan's total employer contributions. Additional contributions, if any, required to address the Arena's proportionate share of the deficit will be expensed during the period incurred.

**7. VEHICLE AND EQUIPMENT REPLACEMENT RESERVE**

The reserve represents contributions made to the City for the financing of replacement ice resurface machines required by the Arena Boards in future years. The contribution amount for the year was \$10,000 (2014 - \$10,000).

**8. 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 \$29,000 (2014 - \$28,000) (adjusted annually) for administration and the General Manager's services. The agreement expires on March 31, 2018.

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**SNACK BAR AND VENDING OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2015**

	Budget 2015 (unaudited)	<u>2015</u>	<u>2014</u>
<b>Sales</b>			
Snack bar and vending	\$ 91,500	\$ 96,745	\$ 82,194
Vending machine	<u>17,000</u>	<u>17,163</u>	<u>15,662</u>
	108,500	113,908	97,856
<b>Cost of goods sold</b>	<u>49,500</u>	<u>47,367</u>	<u>50,484</u>
<b>Gross profit</b>	59,000	66,541	47,372
<b>Expenses</b>			
Wages - snack bar	<u>26,000</u>	<u>27,622</u>	<u>29,372</u>
<b>Net revenue</b>	<u>\$ 33,000</u>	<u>\$ 38,919</u>	<u>\$ 18,000</u>

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**CONTRACTED SERVICES - OUTDOOR RINK**  
**YEAR ENDED DECEMBER 31, 2015**

	Budget 2015 (unaudited)	2015	2014
<b>Revenue</b>			
Recovery of expenses	\$ 189,925	\$ 178,941	\$ 184,323
Administration	<u>29,000</u>	<u>29,000</u>	<u>28,000</u>
	<u>218,925</u>	<u>207,941</u>	<u>212,323</u>
<b>Expenses</b>			
Wages	84,000	83,022	81,755
Employee benefits	14,175	13,414	15,398
Utilities	55,400	52,431	51,889
Maintenance and repairs	22,550	18,414	24,362
Miscellaneous	<u>13,800</u>	<u>11,660</u>	<u>10,919</u>
	<u>189,925</u>	<u>178,941</u>	<u>184,323</u>
<b>Net revenue</b>	<u>\$ 29,000</u>	<u>\$ 29,000</u>	<u>\$ 28,000</u>

June 30, 2016

Committee of Management of Ted Reeve Community Arena  
175 Main Street  
Toronto, Ontario  
M4E 2W2

**PRIVATE AND CONFIDENTIAL**

Attention: Mr. Michael Haughton

Dear Sir:

**Re: Audit of the December 31, 2015 Financial Statements**

During the course of our audit of the financial statements for the year ended December 31, 2015, we did not identify any matters which would be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have discussed our findings, which were minor matters, verbally with your staff and provided some suggestions for their consideration.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from Committee of Management of Ted Reeve Community Arena and their staff.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

**Welch LLP**



Bryan Haralovich, CPA, CA, CPA (Illinois)  
Partner