

**FINANCIAL STATEMENTS**  
**For**  
**COMMITTEE OF MANAGEMENT OF FOREST HILL MEMORIAL 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 FOREST HILL MEMORIAL ARENA**

We have audited the accompanying financial statements of the Committee of Management of Forest Hill Memorial Arena, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets (liabilities), 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 Forest Hill Memorial 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 28, 2016.



**COMMITTEE OF MANAGEMENT OF FOREST HILL MEMORIAL ARENA**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 86,930	\$ 97,902
Accounts receivable - ice rentals and other	72,732	80,847
Inventories	<u>21,633</u>	<u>28,782</u>
	<u>181,295</u>	<u>207,531</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities - other	131,936	144,419
Due to City of Toronto - operating surplus (note 5)	3,355	10,076
Deferred revenue	36,004	43,036
City of Toronto - working capital advance	<u>10,000</u>	<u>10,000</u>
	<u>181,295</u>	<u>207,531</u>
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	-	-
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	<u>28,457</u>	<u>24,526</u>
<b>ACCUMULATED SURPLUS</b>	\$ <u>28,457</u>	\$ <u>24,526</u>

Approved on behalf of the Committee of Management:

 .....Chair  
 .....Member

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF FOREST HILL MEMORIAL ARENA**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
<b>Revenue</b>			
Ice rentals	\$ 942,000	\$ 951,423	\$ 930,268
Snack bar and vending machine operations (Schedule A)	65,000	58,582	57,287
Pro shop operations (Schedule A)	40,000	37,466	45,700
Other	<u>29,570</u>	<u>37,270</u>	<u>39,229</u>
	<u>1,076,570</u>	<u>1,084,741</u>	<u>1,072,484</u>
<b>Expenses</b>			
Salaries and wages	546,288	566,232	550,184
Employee benefits	150,587	156,160	146,181
Utilities	199,826	227,921	200,325
Maintenance and repairs	120,268	67,821	95,546
General administration	30,938	29,251	38,507
Insurance	10,864	10,864	10,864
Professional fees	5,616	5,192	5,116
Amortization	-	9,667	10,836
	<u>1,064,387</u>	<u>1,073,108</u>	<u>1,057,559</u>
<b>Excess revenues over expenses before the following</b>	12,183	11,633	14,925
<b>Vehicle and equipment reserve contribution (note 7)</b>	<u>(11,000)</u>	<u>(11,000)</u>	<u>(10,000)</u>
<b>Operating surplus</b>	\$ <u>1,183</u>	633	4,925
<b>Net revenue payable to the City of Toronto (note 5)</b>		<u>(899)</u>	<u>(2,455)</u>
<b>Annual surplus</b>		(266)	2,470
<b>Accumulated surplus, beginning of year</b>		24,526	22,056
Prior year capital asset purchase		<u>4,197</u>	<u>-</u>
<b>Accumulated surplus, end of year</b>		\$ <u>28,457</u>	\$ <u>24,526</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF FOREST HILL MEMORIAL ARENA**  
**STATEMENT OF CHANGE IN NET ASSETS (LIABILITIES)**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
Annual surplus	\$ (266)	\$ 2,470
Acquisition of tangible capital assets	(9,401)	(13,306)
Amortization of tangible capital assets	9,667	10,836
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>
Change in net financial assets (liabilities)	-	-
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)

**COMMITTEE OF MANAGEMENT OF FOREST HILL MEMORIAL 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	\$ (266)	\$ 2,470
Adjustments for:		
Amortization	<u>9,667</u>	<u>10,836</u>
	9,401	13,306
Non-cash changes to operations:		
Accounts receivable - ice rentals and other	8,115	13,276
Inventories	7,149	(3,654)
Accounts payable and accrued liabilities - other	(12,483)	(11,959)
Due to City of Toronto - operating surplus	(6,721)	(1,541)
Deferred revenue	<u>(7,032)</u>	<u>7,059</u>
<b>Cash flows from operating activities</b>	<u>(1,571)</u>	<u>16,487</u>
 <b>CASH FLOWS FROM CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	<u>(9,401)</u>	<u>(13,306)</u>
<b>Cash flows used in capital transactions</b>	<u>(9,401)</u>	<u>(13,306)</u>
 <b>INCREASE (DECREASE) IN CASH</b>	(10,972)	3,181
 <b>CASH AT BEGINNING OF YEAR</b>	<u>97,902</u>	<u>94,721</u>
 <b>CASH AT END OF YEAR</b>	<u>\$ 86,930</u>	<u>\$ 97,902</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF FOREST HILL MEMORIAL ARENA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**

**1. NATURE OF OPERATIONS**

The Committee of Management of Forest Hill Memorial Arena (the "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. 361-70 of the former Village of Forest Hill, 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.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to the City of Toronto.

*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 FOREST HILL MEMORIAL 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:

Furniture and equipment - 5 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 the employee benefit plan:

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 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.

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 and accounts receivable. 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 is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.



**COMMITTEE OF MANAGEMENT OF FOREST HILL MEMORIAL ARENA**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2015**

**3. FINANCIAL INSTRUMENTS - Cont'd.**

*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 these financial instruments 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:

	2015		2014	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and equipment	\$ 53,930	\$ 25,473	\$ 54,181	\$ 29,655
Accumulated amortization	25,473		29,655	
	\$ 28,457		\$ 24,526	

**5. OPERATING SURPLUS DUE TO THE CITY OF TORONTO**

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

	2015	2014
Balance, beginning of year	\$ 10,076	\$ 11,617
Current year's operating surplus	633	4,925
Current year's tangible capital assets purchase	(9,401)	(13,306)
Current year's amortization	9,667	10,836
Net revenue payable to the City of Toronto	899	2,455
Paid during the current year	(7,620)	(3,996)
Balance, end of year	\$ 3,355	\$ 10,076

**COMMITTEE OF MANAGEMENT OF FOREST HILL MEMORIAL ARENA**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2015**

**6. EMPLOYEE-RELATED LIABILITIES**

The Committee participates in the Ontario Municipal Employees Retirement System (OMERS), which is a Multi-employer plan, on behalf of its eligible 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 \$45,039 (2014 - \$40,860).

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 0.0025% 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**

This reserve represents contributions made to the City of Toronto for the financing of replacement ice resurface machines required by the Arena Boards in the future years. This year's contribution was \$11,000 (2014 - \$10,000).

**COMMITTEE OF MANAGEMENT OF FOREST HILL MEMORIAL ARENA**  
**YEAR ENDED DECEMBER 31, 2015**

**SNACK BAR AND VENDING OPERATIONS**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Snack bar sales	\$ 120,000	\$ 110,256	\$ 109,178
Cost of goods sold	<u>55,000</u>	<u>51,674</u>	<u>51,891</u>
<b>Gross profit</b>	<b>\$ <u>65,000</u></b>	<b>\$ <u>58,582</u></b>	<b>\$ <u>57,287</u></b>

**PRO SHOP OPERATIONS**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Pro shop sales	\$ 60,000	\$ 55,496	\$ 56,264
Cost of goods sold	<u>20,000</u>	<u>18,030</u>	<u>10,564</u>
<b>Gross profit</b>	<b>\$ <u>40,000</u></b>	<b>\$ <u>37,466</u></b>	<b>\$ <u>45,700</u></b>

June 30, 2016

Committee of Management of Forest Hill Memorial Arena  
340 Chaplin Crescent  
Toronto, Ontario  
M5N 2N3

**PRIVATE AND CONFIDENTIAL**

Attention: Mr. Tim Macri

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.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from management 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, CA, CPA, CPA (Illinois)