

**FINANCIAL STATEMENTS**  
**For**  
**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**For the year ended**  
**DECEMBER 31, 2017**

## INDEPENDENT AUDITOR'S REPORT

To the members of the

### **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, 2017, 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, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Handwritten signature of Welch LLP in black ink.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 26, 2018.

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

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 118,893	\$ 166,396
Accounts receivable	97,347	89,301
Due from City of Toronto - operating deficit (note 5)	<u>52,707</u>	<u>3,622</u>
	<u>268,947</u>	<u>259,319</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	149,726	161,142
Accounts payable and accrued liabilities - City of Toronto	63,737	43,244
Deferred revenue	50,590	46,756
Due to City of Toronto - working capital advance	<u>15,000</u>	<u>15,000</u>
	<u>279,053</u>	<u>266,142</u>
<b>NET DEBT</b>	(10,106)	(6,823)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	91,300	109,647
Inventories	<u>10,106</u>	<u>6,823</u>
	<u>101,406</u>	<u>116,470</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 91,300</u>	<u>\$ 109,647</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, 2017**

	Budget <u>2017</u> (unaudited)	<u>2017</u>	<u>2016</u>
<b>Revenue</b>			
Ice rentals	\$ 610,000	\$ 601,968	\$ 592,036
Snack bar and vending machine operations (Schedule A)	23,750	26,356	23,599
Contracted services - outdoor rink (Schedule B)	39,000	30,125	29,500
Lacross rentals	33,000	26,780	33,903
Meeting room rentals	32,500	30,138	30,688
Other	<u>17,250</u>	<u>57,329</u>	<u>32,050</u>
	<u>755,500</u>	<u>772,696</u>	<u>741,776</u>
<b>Expenses</b>			
Salaries and wages	360,000	345,375	334,179
Employee benefits	84,000	88,026	76,231
Utilities	152,700	149,995	146,005
Maintenance and repairs	84,600	86,301	85,794
General administration	37,600	41,573	25,145
Insurance	11,500	11,785	10,881
Professional fees	15,000	11,565	9,075
Amortization	-	18,347	16,477
Bad debt (note 8)	-	50,821	-
	<u>745,400</u>	<u>803,788</u>	<u>703,787</u>
<b>Excess revenue over expenses (expenses over revenue) before the following</b>	10,100	(31,092)	37,989
<b>Vehicle and equipment reserve contribution (note 7)</b>	(10,000)	(10,000)	(10,000)
<b>Energy retrofit program reserve contribution (note 7)</b>	<u>-</u>	<u>(26,340)</u>	<u>-</u>
<b>Operating surplus (deficit)</b>	<u>\$ 100</u>	<u>(67,432)</u>	<u>27,989</u>
<b>Net expenditure receivable from (revenue payable to) the City of Toronto (note 5)</b>		<u>49,085</u>	<u>(9,586)</u>
<b>Annual surplus (deficit)</b>		(18,347)	18,403
<b>Accumulated surplus, beginning of year</b>		<u>109,647</u>	<u>91,244</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 91,300</u>	<u>\$ 109,647</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Annual surplus (deficit)	\$ (18,347)	\$ 18,403
Acquisition of capital assets	-	(34,880)
Utilization of inventories	3,283	6,823
Amortization of tangible capital assets	<u>18,347</u>	<u>16,477</u>
Change in net debt	3,283	6,823
Net debt, beginning of year	<u>6,823</u>	<u>-</u>
Net debt, end of year	<u>\$ 10,106</u>	<u>\$ 6,823</u>

(See accompanying notes)

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

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (18,347)	\$ 18,403
Adjustments for:		
Amortization	<u>18,347</u>	<u>16,477</u>
	-	34,880
Changes in non-cash working capital components:		
Accounts receivable	(8,046)	(16,840)
Due from City of Toronto - operating deficit	(49,085)	9,586
Inventories	(3,283)	127
Accounts payable and accrued liabilities	(11,416)	(8,400)
Accounts payable and accrued liabilities - City of Toronto	20,493	(52,843)
Deferred revenue	<u>3,834</u>	<u>(902)</u>
<b>Cash flows used in operating activities</b>	<u>(47,503)</u>	<u>(34,392)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	<u>-</u>	<u>(34,880)</u>
<b>Cash flows used in investing activities</b>	<u>-</u>	<u>(34,880)</u>
<b>DECREASE IN CASH</b>	(47,503)	(69,272)
<b>CASH AT BEGINNING OF YEAR</b>	<u>166,396</u>	<u>235,668</u>
<b>CASH AT END OF YEAR</b>	\$ <u>118,893</u>	\$ <u>166,396</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**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 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 City of Toronto.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities, deferred revenue and amounts due to 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 TED REEVE COMMUNITY ARENA**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2017**

**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
Furniture and equipment	- 4 - 15 years

*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, 2017**

**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 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 significant changes in the Arena's risk exposures from the prior year.

**4. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	2017		2016	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and equipment	\$ 180,397	\$ 89,097	\$ 180,397	\$ 70,750
Accumulated amortization	<u>89,097</u>		<u>70,750</u>	
	<u>\$ 91,300</u>		<u>\$ 109,647</u>	

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

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

**YEAR ENDED DECEMBER 31, 2017**

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

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

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ (3,622)	\$ (13,208)
Current year's operating surplus (deficit)	(67,432)	27,989
Current year's tangible capital assets purchase	-	(34,880)
Current year's amortization	<u>18,347</u>	<u>16,477</u>
Net revenue payable to (expenditure recoverable from) the City of Toronto	(49,085)	9,586
Balance, end of year	\$ <u>(52,707)</u>	\$ <u>(3,622)</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 \$28,510 (2016 - \$23,453).

The most recent actuarial valuation of the OMERS plan available at this time was as at December 31, 2017, and indicates the Plan is in a surplus position and the plan's December 31, 2017 financial statements indicate a net surplus of \$605 million (a deficit of \$5.403 billion netted against unrecognized investment returns of \$6.008 billion that will 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 Square's contributions accounted for 0.0015% of the Plan's total employer contributions. Additional contributions, if any, required to address the Square's proportionate share of the deficit will be expensed during the period incurred.

**7. VEHICLE AND ENERGY RETROFIT REPLACEMENT RESERVE**

The reserve represents contributions made to the City for the financing of replacement ice resurface machines and energy retrofit projects required by the Arena Boards in future years. The contribution amount for the year was \$10,000 (2016 - \$10,000) related to vehicle contributions and \$26,340 (2017 - \$nil) related to the energy retrofit replacement reserve.

**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 \$30,125 (2016 - \$29,000) (adjusted annually) for administration and the General Manager's services. The agreement expires on March 31, 2018.

Included in bad debt expense is an amount that was due from Sports Centre Design & Management related to reimbursable expenses. Due to financial difficulties with the Sports Centre, the Committee does not expect to collect any outstanding amount from the Sports Centre and has therefore written off all outstanding collectibles in the year.

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**SNACK BAR AND VENDING OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2017**

	Budget 2017 (unaudited)	<u>2017</u>	<u>2016</u>
<b>Sales</b>			
Snack bar and vending	\$ 88,000	\$ 79,289	\$ 75,605
Vending machine	<u>15,750</u>	<u>13,722</u>	<u>15,178</u>
	103,750	93,011	90,783
 <b>Cost of goods sold</b>	 <u>52,000</u>	 <u>39,098</u>	 <u>38,429</u>
 <b>Gross profit</b>	 51,750	 53,913	 52,354
 <b>Expenses</b>			
Wages - snack bar	<u>28,000</u>	<u>27,557</u>	<u>28,755</u>
 <b>Net revenue</b>	 <u>\$ 23,750</u>	 <u>\$ 26,356</u>	 <u>\$ 23,599</u>

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**CONTRACTED SERVICES - OUTDOOR RINK**  
**YEAR ENDED DECEMBER 31, 2017**

	Budget 2017 (unaudited)	<u>2017</u>	<u>2016</u>
<b>Revenue</b>			
Recovery of expenses	\$ 187,107	\$ 208,291	\$ 205,552
Administration (note 8)	<u>39,000</u>	<u>30,125</u>	<u>29,500</u>
	<u>226,107</u>	<u>238,416</u>	<u>235,052</u>
<b>Expenses</b>			
Wages	86,900	89,773	83,542
Employee benefits	15,107	14,759	13,261
Utilities	66,000	68,424	67,167
Maintenance and repairs	18,600	15,088	29,037
Miscellaneous	<u>500</u>	<u>20,247</u>	<u>12,545</u>
	<u>187,107</u>	<u>208,291</u>	<u>205,552</u>
<b>Net revenue</b>	<u>\$ 39,000</u>	<u>\$ 30,125</u>	<u>\$ 29,500</u>