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**SUNDRIDGE-STRONG-JOLY ARENA & HALL**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

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# SUNDRIDGE-STRONG-JOLY ARENA & HALL

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# Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of  
the contributing municipalities of the Sundridge-Strong-Joly Arena & Hall

We have audited the accompanying financial statements of the Sundridge-Strong-Joly Arena & Hall which comprise the statement of financial position as at December 31, 2010 and the statements of operations, accumulated surplus, change in net financial 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 Sundridge-Strong-Joly Arena & Hall as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

As part of our audit of the 2010 financial statements, we also audited the adjustments described in Note 2 that were applied to amend the 2009 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2009 financial statements of the Sundridge-Strong-Joly Arena & Hall other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2009 financial statements taken as a whole.

#### Other matters

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

The financial statements of the Sundridge-Strong-Joly Arena & Hall for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on those statements on March 1, 2010.



North Bay, Canada  
July 21, 2011

Chartered Accountants  
Licensed Public Accountants

**SUNDRIDGE-STRONG-JOLY ARENA & HALL**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2010**

	2010	2009 <i>(Restated - see Note 2)</i>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 71,905	\$ 33,803
Accounts receivable	15,024	10,192
	<b>86,929</b>	<b>43,995</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	24,734	17,760
Employee benefits payable <i>(Note 3)</i>	10,621	8,339
	<b>35,355</b>	<b>26,099</b>
<b>NET FINANCIAL ASSETS</b>	<b>51,574</b>	<b>17,896</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>(Note 4)</i>	724,003	767,962
	<b>724,003</b>	<b>767,962</b>
<b>ACCUMULATED SURPLUS</b> <i>(Note 5)</i>	<b>\$ 775,577</b>	<b>\$ 785,858</b>

APPROVED ON BEHALF OF THE COMMITTEE:

\_\_\_\_\_ Chairperson

**SUNDRIDGE-STRONG-JOLY ARENA & HALL**  
**STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget 2010 <i>(Unaudited - see Note 6)</i>	Actual 2010	Actual 2009 <i>(Restated - see Note 2)</i>
<b>REVENUE</b>			
User fees	\$ 60,700	\$ 66,326	\$ 59,085
Municipal contributions - Strong	113,632	113,632	91,703
Municipal contributions - Sundridge	90,906	90,906	73,362
Municipal contributions - Joly	22,726	22,726	18,341
Other	57,420	51,762	55,184
<b>TOTAL REVENUE</b>	<b>345,384</b>	<b>345,352</b>	<b>297,675</b>
<b>EXPENSES</b>			
Salaries and wages	172,700	162,608	141,819
Materials and supplies	144,150	127,434	132,098
Contracted services <i>(Note 7)</i>	21,000	21,632	10,896
Amortization	44,000	43,959	43,959
<b>TOTAL EXPENSES</b>	<b>381,850</b>	<b>355,633</b>	<b>328,772</b>
<b>ANNUAL DEFICIT</b> <i>(Note 5)</i>	<b>(36,466)</b>	<b>(10,281)</b>	<b>(31,097)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>785,858</b>	<b>785,858</b>	<b>816,955</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 749,392</b>	<b>\$ 775,577</b>	<b>\$ 785,858</b>

The accompanying notes are an integral part of these financial statements

**SUNDRIDGE-STRONG-JOLY ARENA & HALL**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget 2010 <i>(Unaudited - see Note 6)</i>	Actual 2010	Actual 2009 <i>(Restated - see Note 2)</i>
Annual deficit	\$ (36,466)	\$ (10,281)	\$ (31,097)
Acquisition of tangible capital assets	(25,000)	-	-
Amortization of tangible capital assets	44,000	43,959	43,959
<b>Increase (decrease) in net financial assets</b>	<b>(17,466)</b>	<b>33,678</b>	<b>12,862</b>
<b>Net financial assets, beginning of year</b>	<b>17,896</b>	<b>17,896</b>	<b>5,034</b>
<b>Net financial assets, end of year</b>	<b>\$ 430</b>	<b>\$ 51,574</b>	<b>\$ 17,896</b>

The accompanying notes are an integral part of these financial statements

**SUNDRIDGE-STRONG-JOLY ARENA & HALL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009 <i>(Restated - see Note 2)</i>
<b>Operating transactions</b>		
Annual deficit	\$ (10,281)	\$ (31,097)
Non-cash charges to operations:		
Amortization	43,959	43,959
Change in employee benefits payable	2,282	1,985
	35,960	14,847
Changes in non-cash items:		
Accounts receivable	(4,832)	(3,213)
Accounts payable and accrued liabilities	6,974	5,284
	2,142	2,071
Cash provided by operating transactions	38,102	16,918
<b>Net change in cash and cash equivalents</b>	<b>38,102</b>	<b>16,918</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>33,803</b>	<b>16,885</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 71,905</b>	<b>\$ 33,803</b>

The accompanying notes are an integral part of these financial statements

## SUNDRIDGE-STRONG-JOLY ARENA & HALL

### NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2010

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The Sundridge-Strong-Joly Arena & Hall is a joint committee of the Corporation of the Village of Sundridge, the Corporation of the Township of Strong, and the Corporation of the Township of Joly, who contribute towards the organization in the following proportions: Sundridge - 40%; Strong - 50%; Joly - 10%.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sundridge-Strong-Joly Arena & Hall (the "organization") are prepared by management 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 accounting policies adopted by the organization are as follows:

##### Basis of Accounting

(i) Accrual basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held at financial institutions and short-term deposits with original maturities of three months or less.

(iii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings - 50 years

Machinery and equipment - 10 to 20 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.

(iv) Reserves and reserve funds

Certain amounts, as approved by the organization, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Statement of Financial Position.

(v) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

**SUNDRIDGE-STRONG-JOLY ARENA & HALL**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2010(vi) Pensions and employee benefits

The organization accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the organization's employ.

(vii) Use of estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the organization may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

2. CORRECTION OF PRIOR PERIOD

During the prior year, the organization underreported accounts payable in the amount of \$2,079. This error was discovered in the current year and has been corrected retroactively. As a result, the December 31, 2009 figures, presented for comparative purposes, have been restated from those previously reported as follows:

	As Previously Reported	Restated	Increase (Decrease)
<b>STATEMENT OF FINANCIAL POSITION</b>			
Accounts Payable	\$ 15,681	\$ 17,760	\$ 2,079
Accumulated Surplus	787,937	785,858	(2,079)
<b>STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS</b>			
Salaries and wages	145,006	141,819	(3,187)
Materials and supplies	126,832	132,098	5,266
Annual deficit	(29,018)	(31,097)	(2,079)

3. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and employees may become entitled to a cash payment when they leave the organization's employment. The liability for these accumulated days amounted to \$10,621 (2009 \$8,339) at the end of the year.

**SUNDRIDGE-STRONG-JOLY ARENA & HALL**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 20104. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the organization by major asset class are outlined below.

<b>2010</b>				
	Land and Land Improvements	Buildings	Machinery and Equipment	TOTAL
COST				
Balance, beginning of year	\$ 3,503	\$ 803,399	\$ 541,165	\$ 1,348,067
BALANCE, END OF YEAR	3,503	803,399	541,165	1,348,067
ACCUMULATED AMORTIZATION				
Balance, beginning of year	-	419,514	160,591	580,105
Annual amortization	-	16,068	27,891	43,959
BALANCE, END OF YEAR	-	435,582	188,482	624,064
TANGIBLE CAPITAL ASSETS-NET	\$ 3,503	\$ 367,817	\$ 352,683	\$ 724,003

<b>2009</b>				
	Land and Land Improvements	Buildings	Machinery and Equipment	TOTAL
COST				
Balance, beginning of year	\$ 3,503	\$ 803,399	\$ 541,165	\$ 1,348,067
BALANCE, END OF YEAR	3,503	803,399	541,165	1,348,067
ACCUMULATED AMORTIZATION				
Balance, beginning of year	-	403,446	132,700	536,146
Annual amortization	-	16,068	27,891	43,959
BALANCE, END OF YEAR	-	419,514	160,591	580,105
TANGIBLE CAPITAL ASSETS-NET	\$ 3,503	\$ 383,885	\$ 380,574	\$ 767,962

5. ACCUMULATED SURPLUS

The 2010 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year <i>(Restated - see Note 2)</i>	Annual Surplus (Deficit)	Balance End of Year
<b>RESERVES AND RESERVE FUNDS:</b>			
Ballfield capital	\$ 868	\$ -	\$ 868
Working funds	11,980	-	11,980
	<b>12,848</b>	<b>-</b>	<b>12,848</b>
<b>OTHER</b>			
Tangible capital assets	\$ 767,962	\$ (43,959)	\$ 724,003
General operating surplus	13,387	35,960	49,347
Unfunded employee benefits	(8,339)	(2,282)	(10,621)
	<b>\$ 785,858</b>	<b>\$ (10,281)</b>	<b>\$ 775,577</b>

**SUNDRIDGE-STRONG-JOLY ARENA & HALL**

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2010

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6. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
<b>ADOPTED BUDGET:</b>	
Change in general operating surplus	\$ (15,466)
<b>ADJUSTMENTS:</b>	
Budgeted acquisition of tangible capital assets	25,000
Amortization of tangible capital assets	(44,000)
<b>ANNUAL DEFICIT</b>	<b>\$ (34,466)</b>

7. MUNICIPAL TRANSACTIONS

During the normal course of operations, the organization purchases administrative services from the Township of Strong at an annual cost of \$3,000. This cost is reported as a contracted service on the Statement of Operations. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. SEGMENT DISCLOSURE AND EXPENSES BY OBJECT

Since the organization's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided. Supplementary expenses by object information has been omitted as it would not provide additional information not readily determinable from the financial information provided on the Statement of Operations.

9. PENSION AGREEMENTS

The organization makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. 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.

The amount contributed to OMERS for 2010 was \$6,340 (2009 \$5,175) for current service and is included as an expense on the Statement of Operations.