

**FINANCIAL STATEMENTS**  
**For**  
**COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA**  
**For the year ended**  
**DECEMBER 31, 2020**

**Management's Responsibility for the Financial Statements**

The financial statements of the Committee of Management of McCormick Playground Arena (the "Arena") are the responsibility of management and have been approved by the Board of Management.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Arena's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Arena's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Arena's financial statements.

*Luis Silva*

..... Chairperson

*Paul Romain*

..... Treasurer

**INDEPENDENT AUDITOR'S REPORT**

To the members of the

**COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA**

*Opinion*

We have audited the accompanying financial statements of the Committee of McCormick Playground Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Arena as at December 31, 2020 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Arena in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Arena's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Arena or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Arena's financial reporting process.

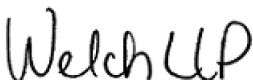
## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Arena's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Arena's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Arena to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 30, 2021.

**COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 291,690	\$ 24,012
Accounts receivable	6,155	39,820
Due from City of Toronto - operating deficit (note 5)	236,804	-
Government remittances receivable	<u>2,054</u>	<u>-</u>
	<u>536,703</u>	<u>63,832</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	230,319	36,648
Due to City of Toronto - operating surplus (note 5)	-	10,483
Deferred revenue	27,920	11,543
Due to City of Toronto - working capital advance	10,000	10,000
Due to City of Toronto - loan payable (note 6)	<u>271,715</u>	<u>-</u>
	<u>539,954</u>	<u>68,674</u>
<b>NET DEBT</b>	<u>(3,251)</u>	<u>(4,842)</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventories	3,251	4,842
Tangible capital assets (note 4)	<u>181,864</u>	<u>6,319</u>
	<u>185,115</u>	<u>11,161</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 181,864</u>	<u>\$ 6,319</u>

Approved by the Board:

*Luis Silva*

..... Chair

*Paul Romain*

..... Member

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
<b>Revenue</b>			
Ice rentals	\$ 841,000	\$ 225,687	\$ 837,093
Emergency funding from City of Toronto (note 9)	-	345,000	-
Pro shop operations (Schedule A)	5,011	2,285	4,825
Snack bar and vending machine operations (Schedule A)	3,448	(1,322)	1,114
Other	<u>6,500</u>	<u>5,732</u>	<u>8,397</u>
	<u>855,959</u>	<u>577,382</u>	<u>851,429</u>
<b>Expenses</b>			
Salaries and wages	402,331	369,313	413,429
Utilities	245,300	102,640	209,603
Employee benefits	111,410	106,182	105,382
Maintenance and repairs	41,500	24,762	51,966
General administration	37,606	13,302	23,410
Insurance	12,000	13,322	12,149
Professional fees	5,760	5,760	5,535
Amortization	<u>-</u>	<u>3,715</u>	<u>5,106</u>
	<u>855,907</u>	<u>638,996</u>	<u>826,580</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	52	(61,614)	24,849
<b>Vehicle and equipment reserve contribution (note 8)</b>	<u>(11,000)</u>	<u>(12,000)</u>	<u>(11,000)</u>
<b>Operating surplus (deficit)</b>	\$ <u>(10,948)</u>	(73,614)	13,849
<b>Net expenditure receivable (surplus payable) to the City of Toronto (note 5)</b>		<u>249,159</u>	<u>(12,355)</u>
<b>Annual surplus</b>		175,545	1,494
<b>Accumulated surplus, beginning of year</b>		<u>6,319</u>	<u>4,825</u>
<b>Accumulated surplus, end of year</b>		\$ <u>181,864</u>	\$ <u>6,319</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA

STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Annual surplus	\$ 175,545	\$ 1,494
Acquisition of tangible capital assets	(179,260)	(6,600)
Utilization (purchase) of inventories, net	1,591	(101)
Amortization of tangible capital assets	<u>3,715</u>	<u>5,106</u>
Change in net debt	1,591	(101)
Net debt, beginning of year	<u>(4,842)</u>	<u>(4,741)</u>
Net debt, end of year	\$ <u>(3,251)</u>	\$ <u>(4,842)</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 175,545	\$ 1,494
Adjustments for:		
Amortization	<u>3,715</u>	<u>5,106</u>
	179,260	6,600
Non-cash changes to operations:		
Accounts receivable	33,665	(20,091)
Due from City of Toronto - operating deficit	(236,804)	49,018
Inventories	1,591	(101)
Accounts payable and accrued liabilities	193,671	(12,188)
Due to City of Toronto - operating surplus	(10,483)	10,483
Deferred revenue	16,377	3,453
Government remittances receivable	<u>(2,054)</u>	<u>-</u>
	<u>175,223</u>	<u>37,174</u>
<b>INVESTING TRANSACTIONS</b>		
Purchase of tangible capital assets	<u>(179,260)</u>	<u>(6,600)</u>
<b>FINANCING ACTIVITIES</b>		
Due to the city of Toronto- loan	<u>271,715</u>	<u>-</u>
<b>INCREASE IN CASH BALANCE</b>	267,678	30,574
<b>CASH (BANK INDEBTEDNESS), AT BEGINNING OF YEAR</b>	<u>24,012</u>	<u>(6,562)</u>
<b>CASH, AT END OF YEAR</b>	<u>\$ 291,690</u>	<u>\$ 24,012</u>

(See accompanying notes)



# COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### 1. NATURE OF OPERATIONS

The Committee of Management of McCormick Playground 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.319-71, 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 capital 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") of the Chartered Professional Accountants of Canada.

#### *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 Arena subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and amounts due to City of Toronto.

#### *Inventories*

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

#### *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
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Construction-in-progress represents lighting improvements on which construction work has not been completed. Construction-in-progress is stated at cost. On completion, construction-in-progress are transferred to other tangible capital assets and begin amortization.

COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

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

*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 policies 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 collectibility of accounts receivable balances, useful life of its tangible assets, 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.

*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.

**COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA**

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

**YEAR ENDED DECEMBER 31, 2020**

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

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

**4. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Construction-in-progress	\$ 179,260	\$ -	\$ -	\$ -
Furniture and equipment	<u>51,358</u>	<u>48,754</u>	<u>51,358</u>	<u>45,039</u>
	230,618	<u>\$ 48,754</u>	51,358	<u>\$ 45,039</u>
Accumulated amortization		<u>(48,754)</u>		<u>(45,039)</u>
	<u>\$ 181,864</u>		<u>\$ 6,319</u>	

**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>2020</u>	<u>2019</u>
Balance, beginning of year	\$ <u>10,483</u>	\$ <u>(49,018)</u>
Current year's operating surplus (deficit)	(73,614)	13,849
Current year's capital assets purchases	(179,260)	(6,600)
Current year's amortization	<u>3,715</u>	<u>5,106</u>
Net expenditure payable (receivable) from the City of Toronto	(249,159)	12,355
Received during the current year	<u>1,872</u>	<u>47,146</u>
Balance, end of year	<u>\$ (236,804)</u>	<u>\$ 10,483</u>

COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

6. **LOANS PAYABLE**

In October 2020, the Arena obtained a loan from the City of Toronto for the implementation of energy efficient projects. The maximum loan amount was \$600,601 and as at December 31, 2020, \$271,715 was disbursed. The loan bears interest at 2.20% and interest begins to accrue on October 1, 2021. The loan is repayable commencing on January 1, 2022, over quarterly installments for a period of 15 years.

Principal repayments over the next five years are estimated to be as follows:

2021	\$ -
2022	15,466
2023	15,809
2024	16,160
2025	16,518
Thereafter	207,762

7. **EMPLOYEE-RELATED LIABILITIES**

The Arena makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan (the "Plan"), on behalf of its permanent 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. Employer contributions to this pension plan amounted to \$36,507 (2019 - \$29,072).

The most recent actuarial valuation of the Plan as at December 31, 2020 indicates the Plan is a deficit position and the Plan's December 31, 2020 financial statements indicate a net deficit of \$7.655 billion (a deficit of \$3.211 billion plus adjustment of \$4.444 billion of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over the next five-year period). The Plan's management is monitoring the adequacy of the contributions together with the Plan's assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Arena's contributions accounted for an insignificant portion of the Plan's total employer contribution. Additional contributions, if any, required to address the Arena's proportionate share of the deficit will be expensed during the period incurred.

8. **VEHICLE AND EQUIPMENT REPLACEMENT RESERVE**

This reserve represents contributions made to the City of Toronto for the financing of replacement ice resurfacer machines in future years. The contribution for the year was \$12,000 (2019 - \$11,000).

9. **UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19**

In Mid-March 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease. The Arena was closed to the public for the majority of the year in response to the quarantine measures implemented by the provincial government to stop the spread of the virus.

The Arena received \$345,000 from the City of Toronto as emergency funding to support cash shortfall due to the closure.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Arena's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Arena's operations, assets, liabilities, revenues and expenses are not yet known.

**COMMITTEE OF MANAGEMENT OF MCCORMICK PLAYGROUND ARENA**  
**YEAR ENDED DECEMBER 31, 2020**  
**SNACK BAR AND VENDING MACHINE OPERATIONS**

	Budget (unaudited)	<u>2020</u>	<u>2019</u>
<b>Sales</b>			
Snack bar	\$ 6,000	\$ 586	\$ 3,835
Vending machine	<u>15,000</u>	<u>4,272</u>	<u>12,726</u>
	21,000	4,858	16,561
Cost of goods sold	<u>12,972</u>	<u>4,277</u>	<u>9,587</u>
<b>Gross profit</b>	8,028	581	6,974
Wages - snack bar	<u>4,580</u>	<u>1,903</u>	<u>5,860</u>
<b>Net revenue (expense)</b>	<u>\$ 3,448</u>	<u>\$ (1,322)</u>	<u>\$ 1,114</u>

**PRO SHOP OPERATIONS**

	Budget (unaudited)	<u>2020</u>	<u>2019</u>
<b>Sales</b>	\$ 7,000	\$ 2,285	\$ 5,805
Cost of goods sold	<u>1,989</u>	<u>-</u>	<u>980</u>
<b>Gross profit</b>	<u>\$ 5,011</u>	<u>\$ 2,285</u>	<u>\$ 4,825</u>