

FINANCIAL STATEMENTS
For
COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA
For the year ended
DECEMBER 31, 2020

Management's Responsibility for the Financial Statements

The financial statements of the Committee of Management of Larry Grossman Forest Hill Memorial Arena (the "Arena") are the responsibility of management and have been approved by the Committee of Management.

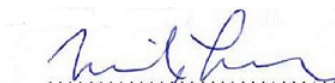
The financial statements have been prepared in compliance with the Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the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

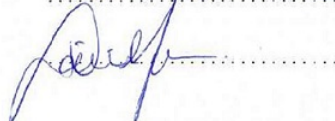
The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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 Committee of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Committee 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.


..... Chairperson


..... Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND
COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA**

We have audited the accompanying financial statements of the Committee of Management of Larry Grossman Forest Hill Memorial 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 notes to the financial statements, including 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 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.

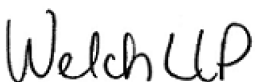
Auditor's Responsibilities for the Audit of the Financial Statements

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
November 11, 2021.

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash	\$ 58,975	\$ 49
Accounts receivable	10,734	95,835
Due from City of Toronto - operating deficit (note 3)	<u>18,656</u>	<u>3,842</u>
	<u>88,365</u>	<u>99,726</u>
LIABILITIES		
Accounts payable and accrued liabilities	33,349	71,347
Deferred revenue	61,949	40,958
Due to City of Toronto - working capital advance (note 4)	<u>10,000</u>	<u>10,000</u>
	<u>105,298</u>	<u>122,305</u>
NET DEBT	<u>(16,933)</u>	<u>(22,579)</u>
NON-FINANCIAL ASSETS		
Inventories	16,933	22,579
Tangible capital assets (note 5)	<u>17,074</u>	<u>32,841</u>
	<u>34,007</u>	<u>55,420</u>
ACCUMULATED SURPLUS	<u>\$ 17,074</u>	<u>\$ 32,841</u>

Approved on behalf of the Committee of Management:



..... Chair

..... Member

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Revenue			
Ice rentals	\$ 1,152,810	\$ 708,632	\$ 1,099,003
Emergency funding from City of Toronto (note 8)	-	217,732	-
Snack bar and vending machine operations (Schedule A)	74,000	14,384	55,568
Pro shop operations (Schedule A)	50,000	11,536	36,727
Other	<u>37,000</u>	<u>4,156</u>	<u>61,410</u>
	<u>1,313,810</u>	<u>956,440</u>	<u>1,252,708</u>
Expenses			
Salaries and wages	641,994	527,889	668,934
Utilities	269,539	175,647	247,557
Employee benefits	182,951	114,292	143,188
Maintenance and repairs	133,749	75,851	109,068
General administration	41,408	34,177	46,724
Professional fees	5,728	19,560	16,135
Amortization	12,000	15,767	15,767
Insurance	<u>13,000</u>	<u>10,838</u>	<u>12,724</u>
	<u>1,300,369</u>	<u>974,021</u>	<u>1,260,097</u>
Net revenue (expense) over expenses before items below	13,441	(17,581)	(7,389)
Vehicle and equipment replacement reserve contribution (note 7)	<u>(12,000)</u>	<u>(13,000)</u>	<u>(12,000)</u>
Operating surplus (deficit)	<u>\$ 1,441</u>	(30,581)	(19,389)
Net expenditure payable to the City of Toronto (note 3)		<u>14,814</u>	<u>11,575</u>
Annual surplus (deficit)		(15,767)	(7,814)
Accumulated surplus, beginning of year		<u>32,841</u>	<u>40,655</u>
Accumulated surplus, end of year		<u>\$ 17,074</u>	<u>\$ 32,841</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Annual deficit	\$ (15,767)	\$ (7,814)
Acquisition of tangible capital assets	-	(7,953)
Amortization of tangible capital assets	15,767	15,767
Utilization (purchase) of inventories, net	<u>5,646</u>	<u>(896)</u>
Changes in net debt	5,646	(896)
Net debt, beginning of year	<u>(22,579)</u>	<u>(21,683)</u>
Net debt, end of year	\$ <u>(16,933)</u>	\$ <u>(22,579)</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Annual deficit	\$ (15,767)	\$ (7,814)
Adjustments for:		
Amortization of tangible capital assets	<u>15,767</u>	<u>15,767</u>
	-	7,953
Non-cash changes to operations:		
Accounts receivable	85,101	(26,054)
Inventories	5,646	(896)
Accounts payable and accrued liabilities	(37,998)	(80,782)
Due to City of Toronto - operating deficit	(14,814)	(15,168)
Deferred revenue	<u>20,991</u>	<u>11,780</u>
	58,926	(103,167)
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>-</u>	<u>(7,953)</u>
INCREASE (DECREASE) IN CASH	58,926	(111,120)
CASH, BEGINNING OF YEAR	<u>49</u>	<u>111,169</u>
CASH, END OF YEAR	<u>\$ 58,975</u>	<u>\$ 49</u>

(See accompanying notes)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

1. **NATURE OF OPERATIONS**

The Committee of Management of Larry Grossman 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 (the "City").

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.

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

Ice rental revenues are recognized on the event date. Snack bar and pro shop sales are recognized at the time of sale. Ice rental fees paid in advance are recorded as deferred revenues.

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 cash, accounts receivable and amounts due from the City of Toronto.

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.

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

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL 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, 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. Other contributed materials and services are not recognized in the financial statements due to the difficulty of determining their fair value.

Employee related costs

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

The City offers a multi-employer defined benefit pension plan (the "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.

3. DUE TO THE CITY OF TORONTO - OPERATING SURPLUS

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ (3,842)	\$ 11,326
Current year's operating deficit	(30,581)	(19,389)
Current year's tangible capital assets purchase	-	(7,953)
Current year's amortization	<u>15,767</u>	<u>15,767</u>
Net balance payable to the City of Toronto	<u>(14,814)</u>	<u>(11,575)</u>
Received (paid) during the current year	<u>-</u>	<u>(3,593)</u>
Balance, end of year	\$ (18,656)	\$ (3,842)

4. DUE TO THE CITY OF TORONTO - WORKING CAPITAL ADVANCE

The Arena 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 Arena ceasing to function for any reason.

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

5. **TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2020</u>	<u>2019</u>
Furniture and equipment - cost	\$ 70,669	\$ 97,740
Less: accumulated amortization	<u>(53,595)</u>	<u>(64,899)</u>
	<u>\$ 17,074</u>	<u>\$ 32,841</u>

During the year, the Arena wrote off furniture and equipment with cost and accumulated amortization of \$27,071.

6. **EMPLOYEE-RELATED COST**

The Arena makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a Multi-employer plan (the "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 rate of pay. Employer contributions to this pension plan amounted to \$30,977 (2019 - \$47,844).

The most recent actuarial valuation of the Plan as at December 31, 2020 indicates the Plan is in 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 unrecognized investment 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.

7. **VEHICLE AND EQUIPMENT REPLACEMENT RESERVE**

These contributions are for the financing of replacement ice resurface machines required by the Arenas in future years. The contribution for the year was \$13,000 (2019 - \$12,000).

8. **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 \$217,732 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 is not yet known.

9. **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 the City of Toronto. The Arena's cash is with a Canadian chartered bank and as a result management believes the risk of loss on these items 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.

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. Management believes its overall liquidity risk to be minimal as the Arena's financial assets are considered to be highly liquid.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Arena's financial instruments are denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. As a result, management does not believe the Arena is exposed to interest rate risk as the Arena does not currently have any interest bearing debt.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market prices (other than those arising from currency risk or interest rate risk), whether these changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management does not believe the Arena is exposed to significant other price risks.

Changes in risk

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

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA
YEAR ENDED DECEMBER 31, 2020

SNACK BAR AND VENDING MACHINE OPERATIONS

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Snack bar sales	\$ 125,000	\$ 34,571	\$ 103,849
Cost of goods sold	<u>51,000</u>	<u>20,187</u>	<u>48,281</u>
Gross profit	<u>\$ 74,000</u>	<u>\$ 14,384</u>	<u>\$ 55,568</u>

PRO SHOP OPERATIONS

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Pro shop sales	\$ 60,000	\$ 14,661	\$ 46,030
Cost of goods sold	<u>10,000</u>	<u>3,125</u>	<u>9,303</u>
Gross profit	<u>\$ 50,000</u>	<u>\$ 11,536</u>	<u>\$ 36,727</u>