

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT OF MOSS PARK ARENA
For the year ended
DECEMBER 31, 2021

Management's Responsibility for the Financial Statements

The financial statements of the Board of Management of Moss Park 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.

Joey Gladding

..... Chairperson

A. Mann

..... Vice Chairperson

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

CITY OF TORONTO AND THE BOARD OF MANAGEMENT OF MOSS PARK ARENA

Opinion

We have audited the financial statements of the Board of Management of Moss Park Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2021, 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, 2021 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.

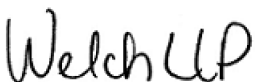
Auditor's Responsibilities for the Audit of the Financial Statements

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
January 2, 2023.

BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash	\$ 199,514	\$ 23,880
Accounts receivable	29,970	19,500
Due from the City of Toronto - deficit (note 5)	-	51,587
Accounts receivable - City of Toronto (note 6)	<u>259,235</u>	<u>284,751</u>
	<u>488,719</u>	<u>379,718</u>
 LIABILITIES		
Accounts payable and accrued liabilities - City of Toronto	10,000	10,000
Accounts payable and accrued liabilities	43,506	2,707
Due to the City of Toronto - surplus (note 5)	153,203	-
Deferred revenue	22,775	22,750
Deferred emergency funding - City of Toronto (note 9)	-	60,000
Post-employment benefits payable (note 6)	<u>259,235</u>	<u>284,751</u>
	<u>488,719</u>	<u>380,208</u>
 NET DEBT	<u>-</u>	<u>(490)</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	28,956	4,646
Prepaid expenses	-	490
	<u>28,956</u>	<u>5,136</u>
 ACCUMULATED SURPLUS	<u>\$ 28,956</u>	<u>\$ 4,646</u>

Approved on behalf of the Board of Management

Joey Gladding

.....Chair

A. Mann

.....Member

(See accompanying notes)

BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u> (unaudited)	<u>2021</u>	<u>2020</u>
Revenue			
Ice rentals	\$ 588,480	\$ 166,937	\$ 138,160
Hockey school, camps and league operations (Schedule A)	284,392	-	65,342
Facility rentals	9,004	-	-
Pro shop and skate sharpening (Schedule B)	26,883	388	(1,503)
Snack bar and vending operations (Schedule B)	9,200	-	(1,526)
Funding from (to) the City of Toronto for employee related costs (note 6)	-	(25,516)	(22,980)
Emergency funding - City of Toronto (note 9)	-	795,000	650,824
	<u>917,959</u>	<u>936,809</u>	<u>828,317</u>
Expenses			
Salaries and wages	483,696	480,688	461,983
Employee benefits	136,305	110,858	107,393
Utilities	182,639	112,742	122,054
Repairs and maintenance	36,650	42,310	27,570
General administration	51,900	26,700	26,097
Insurance	13,000	263	12,416
Professional fees	6,500	625	7,135
Amortization	-	4,602	2,226
	<u>910,690</u>	<u>778,788</u>	<u>766,874</u>
Net revenue over expenses before the undernoted	7,269	158,021	61,443
Vehicle and equipment reserve contribution (note 8)	<u>(12,000)</u>	<u>(14,000)</u>	<u>(13,000)</u>
Operating surplus (deficit)	\$ <u>(4,731)</u>	144,021	48,443
Net expenditures payable to the City of Toronto (note 5)		<u>(119,711)</u>	<u>(50,669)</u>
Annual surplus (deficit)		24,310	(2,226)
Accumulated surplus, beginning of year		<u>4,646</u>	<u>6,872</u>
Accumulated surplus, end of year		\$ <u>28,956</u>	\$ <u>4,646</u>

(See accompanying notes)

BOARD OF MANAGEMENT OF MOSS PARK ARENA
STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u> (unaudited)	<u>2021</u>	<u>2020</u>
Annual deficit	\$ (4,731)	\$ 24,310	\$ (2,226)
Acquisition of tangible capital assets	-	(28,912)	-
Amortization of tangible capital assets	-	4,602	2,226
Utilization of inventories, net	-	-	7,733
Changes in prepaid expenses	<u>-</u>	<u>490</u>	<u>-</u>
Changes in net debt	(4,731)	490	7,733
Net debt, beginning of year	<u>(490)</u>	<u>(490)</u>	<u>(8,223)</u>
Net debt, end of year	<u>\$ (5,221)</u>	<u>\$ -</u>	<u>\$ (490)</u>

(See accompanying notes)

BOARD OF MANAGEMENT OF MOSS PARK ARENA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 24,310	\$ (2,226)
Adjustment for:		
Amortization	<u>4,602</u>	<u>2,226</u>
	28,912	-
Non-cash changes to operations:		
Accounts receivable	(10,470)	18,738
Due from the City of Toronto - deficit	51,587	50,669
Accounts receivable - City of Toronto	25,516	22,980
Due to City of Toronto - Surplus	153,203	-
Accounts payable and accrued liabilities	40,799	(79,390)
Deferred revenue	25	(76,649)
Deferred emergency funding - City of Toronto	(60,000)	60,000
Post-employment benefits payable	(25,516)	(22,980)
Prepaid Expenses	490	-
Inventories	<u>-</u>	<u>7,733</u>
	<u>204,546</u>	<u>(18,899)</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(28,912)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	175,634	(18,899)
CASH, BEGINNING OF YEAR	<u>23,880</u>	<u>42,779</u>
CASH, END OF YEAR	\$ <u>199,514</u>	\$ <u>23,880</u>

(See accompanying notes)

BOARD OF MANAGEMENT OF MOSS PARK ARENA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. NATURE OF OPERATIONS

The Board of Management of Moss Park 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. 381-74, as amended. The Board of Management operates and manages the Arena on behalf of the City of Toronto (the "City").

Under the By-Law, the Board of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Board 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 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, hockey schools and camp fees 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 cash, accounts receivable and amounts due from the City. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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:

Computer equipment	- 3 years straight-line
Machinery and equipment	- 10 years straight-line

BOARD OF MANAGEMENT OF MOSS PARK ARENA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

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 employee benefit plans:

- (a) The City of Toronto 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.
- (b) The Arena also offers its eligible employees a defined benefit sick leave plan, a post-retirement life, health and dental plan, a long-term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Arena recognizes an accrued benefit liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains / losses.

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 the collectibility of accounts receivable, the useful life of its tangible capital assets, significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. 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 the estimates are revised and in any future years affected.

BOARD OF MANAGEMENT OF MOSS PARK ARENA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

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 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 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 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.

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>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Machinery and equipment	\$ 73,829	\$ 44,873	\$ 44,917	\$ 40,271
Computer equipment	<u>21,315</u>	<u>21,315</u>	<u>21,315</u>	<u>21,315</u>
	95,144	<u>\$ 66,188</u>	66,232	<u>\$ 61,586</u>
Less: accumulated amortization		<u>(66,188)</u>		<u>(61,586)</u>
	<u>\$ 28,956</u>		<u>\$ 4,646</u>	

BOARD OF MANAGEMENT OF MOSS PARK ARENA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

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

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 51,587	\$ 102,256
Current year's operating surplus	(144,021)	(48,443)
Current year's tangible capital asset purchases	28,912	-
Current year's amortization	<u>(4,602)</u>	<u>(2,226)</u>
Net expenditure receivable from (payable to) the City of Toronto	(119,711)	(50,669)
Received from the City of Toronto during the current year	<u>(85,079)</u>	<u>-</u>
Balance, end of year	\$ <u>(153,203)</u>	\$ <u>51,587</u>

6. POST-EMPLOYMENT BENEFITS PAYABLE AND ACCOUNTS RECEIVABLE - CITY OF TORONTO

The Arena participates in a benefit plan provided by the City of Toronto. The Arena provides administrative employees with long-term disability benefits and the continuation of health, dental and life insurance benefits to disabled employees.

The Arena also provides health, dental, accidental death and disability, life insurance and long-term disability benefits to eligible employees. Depending on length of service and individuals' election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 2021 with projections to December 31, 2024. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2.0%
- assumed health care cost trends - range from 3.0% to 6.0%
- rate of compensation increase - range from 3.0% to 3.5%
- discount rates - post-retirement 2.7%, post-employment 2.0%, sick leave 2.1%

Information about the Arena's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2021</u>	<u>2020</u>
Post-retirement benefits	\$ 121,841	\$ 97,166
Sick leave benefits	60,862	47,677
Income benefits	115,407	130,323
Continuation of benefits to disabled employees	<u>70,467</u>	<u>99,685</u>
	368,577	374,851
Unamortized actuarial loss	<u>(109,342)</u>	<u>(90,100)</u>
Post-employment benefit liability	\$ <u>259,235</u>	\$ <u>284,751</u>

BOARD OF MANAGEMENT OF MOSS PARK ARENA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

6. POST-EMPLOYMENT BENEFITS PAYABLE AND ACCOUNTS RECEIVABLE - CITY OF TORONTO - Cont'd.

The continuity of the accrued benefit obligation is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 284,751	\$ 307,731
Current service cost	3,918	3,799
Interest cost	5,204	9,387
Amortization of actuarial loss	12,129	12,088
Expected benefits paid	<u>(46,767)</u>	<u>(48,254)</u>
Balance, end of year	<u>\$ 259,235</u>	<u>\$ 284,751</u>

A long-term receivable from the City of \$259,235 (2020 - \$284,751) has resulted from the recording of sick leave and post-retirement benefits. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities that may be incurred by the Arena.

The Arena also makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its eligible employees. The OMERS plan (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 \$45,015 in 2021 (2020 - \$46,502).

The most recent actuarial valuation of the Plan as at December 31, 2021 indicates the Plan is in a deficit position and the Plan's December 31, 2021 financial statements indicate a net deficit of \$69 million (a deficit of \$3.131 billion plus adjustment of \$3.062 billion of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future 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 contributions. Additional contributions, if any, required to address the Arena's proportionate share of the deficit will be expensed during the period incurred.

7. 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 Board of Management ceasing to function for any reason.

8. VEHICLE AND EQUIPMENT REPLACEMENT RESERVE

These contributions are for the financing of replacement ice resurface machines required by the Arena Boards in future years. This year's contribution was \$14,000 (2020 - \$13,000).

BOARD OF MANAGEMENT OF MOSS PARK ARENA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

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 COVID-19.

On March 13, 2020, 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 COVID-19. In 2021, the Arena was closed to the public for the majority of the year and reopened in September, when public health safety measures allowed. As a result of this, no hockey school, camps or league operations were run during 2021. During 2021, the Arena received \$735,000 (2020 - \$710,824) from the City of Toronto as emergency funding to support cash shortfall due to the closure. In 2020, \$60,000 of the emergency funding was deferred as it related to fiscal year 2021.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of COVID-19 makes it difficult to determine the length of time that the Arena's operations will be impacted. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity will have on the Arena's operations, assets, liabilities, revenues and expenses are unknown at this time.

**BOARD OF MANAGEMENT OF MOSS PARK ARENA
HOCKEY SCHOOL, CAMP AND LEAGUE OPERATIONS
YEAR ENDED DECEMBER 31, 2021**

	<u>Budget</u> (unaudited)	<u>2021</u> (note 9)	<u>2020</u>
Sales			
Hockey League Registration	\$ 120,000	\$ -	\$ 15,351
Hockey Winter League	112,000	-	39,038
Hockey School Camp	42,000	-	2,619
Hockey School Registration	45,000	-	14,020
Women's pickup	<u>10,692</u>	<u>-</u>	<u>2,788</u>
	<u>329,692</u>	<u>-</u>	<u>73,816</u>
Direct expenses			
Hockey League Referees	37,500	-	7,800
Hockey League expenses	3,800	-	270
Hockey School and Camp	2,000	-	404
Hockey School and Camp Instructors	<u>2,000</u>	<u>-</u>	<u>-</u>
	<u>45,300</u>	<u>-</u>	<u>8,474</u>
Gross profit	\$ 284,392	\$ -	\$ 65,342

**BOARD OF MANAGEMENT OF MOSS PARK ARENA
SNACK BAR AND VENDING MACHINES OPERATIONS
YEAR ENDED DECEMBER 31, 2021**

	<u>Budget</u> (unaudited)	<u>2021</u>	<u>2020</u>
Sales			
Snack bar		\$ -	\$ 3,168
Vending machines		-	<u>937</u>
	\$ 23,700	-	4,105
Less: Cost of goods sold	<u>14,500</u>	-	<u>5,631</u>
Gross profit (loss)	<u>\$ 9,200</u>	<u>\$ -</u>	<u>\$ (1,526)</u>

**PRO SHOP AND SKATE SHARPENING OPERATIONS
YEAR ENDED DECEMBER 31, 2021**

	<u>Budget</u> (unaudited)	<u>2021</u>	<u>2020</u>
Sales			
Pro Shop	\$ 16,883	\$ -	\$ 743
Skate sharpening	<u>15,000</u>	<u>388</u>	<u>3,683</u>
	31,883	388	4,426
Less: Cost of goods sold	<u>5,000</u>	-	<u>5,929</u>
Gross profit (loss)	<u>\$ 26,883</u>	<u>\$ 388</u>	<u>\$ (1,503)</u>

January 10, 2023

Board of Management of Moss Park Arena
140 Sherbourne Street
Toronto, Ontario
M5A 2R6

PRIVATE AND CONFIDENTIAL

Attention: Mr. Mike Pisano

Dear Sir:

Re: Audit of the December 31, 2021 Financial Statements

During the course of our audit of the financial statements for the year ended December 31, 2021, we identified 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.

As a result of our observations, we have discussed our findings, which were minor matters, verbally with your staff and provided some suggestions for their consideration.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with you and your staff. We have discussed the matters in this report with management.

OTHER REPORTABLE MATTERS

Issue #1 - Retention of timesheets

During the 2021 fiscal audit, we noted that there were no timesheets to support the hours worked during the period under audit due to a facility leakage during the year. We recommend that backups of timesheets be documented and stored electronically with internal controls implemented.

Issue #2 - Approval of Board meeting minutes

During the 2021 fiscal audit, we noted that the Board meeting minutes did not indicate the Board's approval of prior minutes. We recommend that Board approval of prior minutes be indicated in subsequent minutes in a consistent manner.

Issue #3 - Allocation of Surplus/Deficit Settlements with City of Toronto

During the 2021 fiscal audit, we noted that Moss Park received payment from the City of Toronto for their 2018 deficit of \$17,176 in 2020 but did not apply it to correct account to reduce the balance due from the City. This resulted in their 2020 surplus being overstated by \$17,176. While this error was not material, it may cause future issues if Moss Park's records do not agree to the City of Toronto's. To correct this issue, Moss Park should pay \$33,493 when it settles the 2020 surplus with the City of Toronto instead of \$50,669 (as incorrectly stated in the 2020 financial statement figures). Going forward, we recommend that any surplus/deficit settlements (payments or amounts received) be applied to account #1150 *Due to(from) City - Surplus(def)* so that the related payable/receivable balance is cleared out properly.

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 his staff.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

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



Christa Casey, CPA, CA
Partner