

**COMMITTEE OF MANAGEMENT OF NORTH
TORONTO MEMORIAL ARENA**

FINANCIAL STATEMENTS

December 31, 2021

COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA

December 31, 2021

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Management's Responsibility for the Financial Statements

The financial statements of the Committee of Management of North Toronto Memorial 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 Kwok and Associate, Licensed Public Accountant, 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.



Chair



Treasurer

Kwok and Associate
Licensed Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND
THE COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA**

Opinion

We have audited the accompanying financial statements of the Committee of Management of North Toronto Memorial 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 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 Responsibility 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 audit opinion.

Responsibilities of the Management and Those Charged with Governance

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.

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 risk, 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.

Markham, Ontario
August 3, 2023



Ronald Kwok, CPA, CGA
Licensed Public Accountant

COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA

STATEMENT OF FINANCIAL POSITION

December 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Accounts receivable	\$ 45,207	\$ 15,166
Due from City of Toronto - outdoor rink (note 8)	48,622	-
Due from City of Toronto - emergency fund (note 9)	-	83,830
Due from City of Toronto - operating deficit (note 5)	-	42,178
	<u>93,829</u>	<u>141,174</u>
 FINANCIAL LIABILITIES		
Bank indebtedness	1,002	5,749
Due to City of Toronto - other	13,000	49,472
Accounts payable and accrued liabilities	77,596	37,866
Government remittances payable	9,753	8,893
Due to City of Toronto -operating surplus (note 5)	31,289	-
Deferred revenue	4,736	83,200
Due to City of Toronto - working capital advance (note 1)	15,000	15,000
	<u>152,376</u>	<u>200,180</u>
 NET DEBT	 (58,547)	 (59,006)
 NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	59,993	55,847
Inventories	58,547	59,006
	<u>118,540</u>	<u>114,853</u>
 ACCUMULATED SURPLUS	 <u>\$ 59,993</u>	 <u>\$ 55,847</u>

Approved on behalf of the Board of Management:

 Chair
 Member

See accompanying Notes to Financial Statements

COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA

STATEMENT OF OPERATIONS
For the year ended December 31, 2021

	<u>2021</u> <u>Budget</u> (Unaudited)	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
REVENUE			
Ice rentals	\$ 754,500	\$ 409,598	\$ 426,065
Emergency funding from City of Toronto (note 9)	-	387,170	183,830
Banquet room rentals	-	6,298	10,421
Pro shop operations (Schedule A)	10,500	2,600	6,295
Snack bar operations (Schedule A)	35,000	(8,893)	(3,562)
Advertising revenue	-	1,025	984
Outdoor rink (note 8)	115,000	108,794	107,207
Zamboni replacement - contribution	12,000	5,505	4,640
Arena floor rentals	<u>11,600</u>	<u>-</u>	<u>-</u>
	<u>938,600</u>	<u>912,097</u>	<u>735,880</u>
EXPENDITURES			
Salaries and wages	433,009	371,250	368,451
Employee benefits	112,807	106,123	106,202
Utilities	288,600	220,130	194,719
Insurance	11,600	1,163	12,724
Office and administration	55,668	61,703	29,534
Professional fees	5,535	9,095	5,900
Maintenance and repair	19,000	46,571	46,578
Amortization	<u>-</u>	<u>6,578</u>	<u>6,220</u>
	<u>926,219</u>	<u>822,613</u>	<u>770,328</u>
Excess revenue (expenditures) for the year	12,381	89,484	(34,448)
Vehicle & equipment reserve contribution (note 7)	<u>(12,000)</u>	<u>(11,504)</u>	<u>(11,619)</u>
Operating surplus (deficit)	\$ <u>381</u>	77,980	(46,067)
Net revenue payable to the City of Toronto (note 5)		<u>(73,834)</u>	<u>42,543</u>
Annual surplus (deficit)		4,146	(3,524)
Accumulated surplus, beginning of year		<u>55,847</u>	<u>59,371</u>
Accumulated surplus, end of year		\$ <u>59,993</u>	\$ <u>55,847</u>

See accompanying Notes to Financial Statements

COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA

STATEMENT OF CHANGES IN NET DEBT

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Annual surplus	\$ 4,146	\$ (3,524)
Acquisition of tangible capital assets	(10,724)	(2,696)
Amortization of tangible capital assets	6,578	6,220
Purchase of inventories, net	<u>459</u>	<u>(580)</u>
Change in net debt	459	(580)
Net debt, beginning of year	<u>(59,006)</u>	<u>(58,426)</u>
Net debt, end of year	\$ <u>(58,547)</u>	\$ <u>(59,006)</u>

See accompanying Notes to Financial Statements

COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA

STATEMENT OF CASH FLOWS

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 4,146	\$ (3,524)
Adjustment for item not requiring cash:		
Amortization	<u>6,578</u>	<u>6,220</u>
	10,724	2,696
Non-cash changes to operation		
Accounts receivable	(30,041)	106,566
Due from City of Toronto - outside rink	(48,622)	-
Due from City of Toronto - emergency fund	83,830	(83,830)
Due from City of Toronto - operating deficit	42,178	(42,178)
Due to City of Toronto - other	(36,472)	49,472
Accounts payable and accrued liabilities - other	39,730	(86,487)
Government remittances payable	860	(11,829)
Due from City of Toronto - operating surplus	31,289	(365)
Deferred revenue	(78,464)	25,345
Inventories	<u>459</u>	<u>(580)</u>
Cash flows from (used in) operating activities	<u>15,471</u>	<u>(41,190)</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(10,724)</u>	<u>(2,696)</u>
Increase (decrease) in cash	4,747	(43,886)
Cash (bank indebtedness), beginning of year	<u>(5,749)</u>	<u>38,137</u>
Cash (bank indebtedness), end of year	\$ <u>(1,002)</u>	\$ <u>(5,749)</u>

See accompanying Notes to Financial Statements

Committee of Management of North Toronto Memorial Arena

Notes to Financial Statements For year ended December 31, 2021

1. NATURE OF OPERATIONS

The Committee of Management of North Toronto 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 22583, as amended. The Arena is located at 174 Orchardview Boulevard. The Board of Management operates and manages the Arena on behalf of the City of Toronto.

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 expense resulting from or incidental to the management and control of the premises.

The Board of Management retains a working cash advance of \$15,000 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basic 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

Revenue 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 asset 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 measured at the lower of cost and net realizable value. The cost is determined on a first-in, first-out basis.

Committee of Management of North Toronto Memorial Arena

Notes to Financial Statements For year ended December 31, 2021

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:

Machinery and equipment	15 years straight line
Leasehold improvements	20 years straight line

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 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 estimate 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 useful life of its tangible capital assets, accessing the allowance of doubtful accounts, recoverability of inventory 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

The Arena uses comprehensive risk management procedures to limit the risk inherent in the use of financial instruments. Risks may include credit, currency, interest rate, market and liquidity risk. The significant risks that the Arena is exposed to are noted below:

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 Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Committee of Management of North Toronto Memorial Arena

Notes to Financial Statements For year ended December 31, 2021

Management believe that the Arena's credit risk with respect to accounts receivable and amounts due from the City of Toronto is limited. The Arena manages its credit risk by reviewing account 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 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 paying its liabilities as they become due. The Arena manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available.

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Machinery and equipment	\$ 100,989	42,615	90,265	\$ 36,038
Leasehold improvements	4,049	2,430	4,049	2,429
	105,038	\$ 45,045	94,314	\$ 38,467
Less: accumulated amortization	(45,045)		(38,467)	
	\$ 59,993		\$ 55,847	

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

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

	2021	2020
Balance, beginning of year	\$ (42,178)	\$ 365
Current year's operating surplus	77,980	(46,067)
Current year's capital assets purchase	(10,724)	(2,696)
Current year's amortization's	6,578	6,220
Net revenue payable to (receivable from) the City of Toronto	73,834	(42,543)
Paid during the current year	(367)	-
Balance, end of year	31,289	(42,178)

Committee of Management of North Toronto Memorial Arena

Notes to Financial Statements For year ended December 31, 2021

6. EMPLOYEE-RELATED EXPENSES

The Arena makes contribution to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its 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 \$30,740 (2020 - \$29,155)

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 millions (a deficit of \$3,131 millions plus adjustment of \$3,062 millions of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the 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 RESERVE CONTRIBUTION

This reserve represents contribution made to the City for the financing of replacement ice resurfacer machine required by the Arena in future years. The contribution for the year was \$11,504 (2020 - \$11,619).

8. OUTDOOR RINK RECOVERIES

Under an arrangement with the City, the Arena services an artificial outdoor rink located adjacent to the Arena. The Arena shall be reimbursed \$108,794 (2020 - \$107,207) by the City for expenditures incurred in servicing this rink, based upon a budgetary provision, which may not be exceeded without prior approval from the City. As at December 31, 2021, amounts receivable from the City was \$48,622 (2020 - \$nil).

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 14, 2020, the Arena was closed in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. The Arena reopened for operations August 10, 2020. On November 23, 2020, the Arena was closed again in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. The Arena reopened in July 2021.

The Arena received \$387,170 (2020 - \$183,830) from the City of Toronto as emergency funding to support cash shortfall due to the closure. As at December 31, 2021, \$Nil (2020 - \$83,380) of the emergency funding was receivable.

Committee of Management of North Toronto Memorial Arena

Notes to Financial Statements For year ended December 31, 2021

10. COMPARATIVE FIGURES

The comparative figures were audited by another accountant.

11. BUDGETS AMOUNTS

The 2021 budget amounts on the Statements of Operations, Snack Bar and Vending Operations and Pro Shop Operations are presented for information purposes only, are unaudited, not reviewed and not covered by the report of Kwok and Associate dated August 3, 2023.

Committee of Management of North Toronto Memorial Arena

Schedule A

For year ended December 31, 2021

SNACK BAR AND VENDING OPERATIONS

	<u>2021</u> <u>Budget</u> (Unaudited)	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
Sales			
Snack bar and vending machine operations	\$ 35,000	\$ 8,373	\$ 21,897
Cost of good sold	<u>8,000</u>	<u>7,117</u>	<u>13,000</u>
	<u>27,000</u>	<u>1,256</u>	<u>8,897</u>
Expenses			
Wages	10,000	9,102	12,352
Maintenance	<u>1,000</u>	<u>1,047</u>	<u>107</u>
	<u>11,000</u>	<u>10,149</u>	<u>12,459</u>
Excess revenue over expenses (expense over revenue)	<u>\$ 16,000</u>	<u>\$ (8,893)</u>	<u>\$ (3,562)</u>

PRO SHOP OPERATIONS

	<u>2021</u> <u>Budget</u> (Unaudited)	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
Sales			
Pro shop sales	\$ 10,500	\$ 13,816	\$ 15,577
Cost of good sold	<u>2,000</u>	<u>8,216</u>	<u>5,641</u>
	<u>8,500</u>	<u>5,600</u>	<u>9,936</u>
Expenses			
Wages	2,400	3,000	2,850
Equipment maintenance	<u>1,000</u>	<u>-</u>	<u>791</u>
	<u>3,400</u>	<u>3,000</u>	<u>3,641</u>
Excess revenue over expenses (expense over revenue)	<u>\$ 5,100</u>	<u>\$ 2,600</u>	<u>6,295</u>