

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS
For the year ended
DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND
BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**

Opinion

We have audited the financial statements of the Board of Management of Leaside Memorial Community Gardens (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.

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.

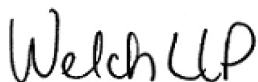
Auditor's Responsibilities for the Audit of the Financial Statements

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
September 13, 2023.

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash	\$ 948,272	\$ 660,849
Accounts receivable	28,310	33,929
Government remittances receivable	11,005	-
Due from City of Toronto - operating deficit (note 3)	176,855	
- post-employment benefits (note 4)	101,350	90,608
- pool (note 5)	<u>766,669</u>	<u>397,413</u>
	<u>2,032,461</u>	<u>1,182,799</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	129,771	98,829
Government remittances payable	-	16,872
Refundable customer deposits	56,000	63,750
Due to City - Operating Surplus (note 3)	-	33,403
Due to City of Toronto - payroll and other (notes 6 and 7)	1,600,706	747,944
Loans payable (note 6)	7,276,912	7,326,249
Deferred revenue	146,601	133,360
Post-employment benefits payable (note 4)	<u>101,350</u>	<u>90,608</u>
	<u>9,311,340</u>	<u>8,511,015</u>
NET DEBT	<u>(7,278,879)</u>	<u>(7,328,216)</u>
NON-FINANCIAL ASSETS		
Inventories	1,967	1,967
Arena expansion (note 6)	<u>7,276,912</u>	<u>7,326,249</u>
	<u>7,278,879</u>	<u>7,328,216</u>
ACCUMULATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>

Approved by the Board of Management:



..... Chair



..... Treasurer

(See accompanying notes)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020

	Budget 2020 (unaudited)	2020	2019
Revenue			
Arena ice rental	\$ 1,555,000	\$ 823,529	\$ 1,431,677
Dash board rental	55,000	38,845	60,547
Debt reserve surcharge (note 7)	82,960	40,840	67,200
Pro shop	10,310	2,100	10,372
Pool (note 5)	351,750	369,256	397,414
Banquet/meeting room	104,500	26,993	106,694
Snack bar and vending	83,000	26,950	65,618
Other (note 8)	<u>136,200</u>	<u>131,475</u>	<u>281,908</u>
	<u>2,378,720</u>	<u>1,459,988</u>	<u>2,421,430</u>
Expenses			
Salaries and wages	684,968	544,685	659,435
Employee benefits	169,270	114,737	138,850
Building repairs and maintenance	103,142	223,470	221,526
Equipment repairs and maintenance	51,000	2,826	20,108
Supplies	25,000	20,881	17,603
Food and other purchases	26,500	9,813	26,785
Utilities	491,275	298,278	446,296
Advertising and promotions	10,000	525	367
Insurance	13,000	12,380	12,380
Professional fees	13,500	9,807	24,291
Office expenses	30,000	29,548	22,714
Ice resurfacers costs	28,000	5,483	36,321
Miscellaneous	<u>12,800</u>	<u>7,124</u>	<u>10,606</u>
	<u>1,658,455</u>	<u>1,279,557</u>	<u>1,637,282</u>
Excess of revenue over expenses before items below	720,265	180,431	784,148
Debt service reserve fund contributions (note 7)	(82,960)	(40,840)	(67,200)
Vehicle and equipment reserve contributions (note 9)	(24,000)	(24,000)	(21,000)
Amortization of arena expansion (note 6)	(169,475)	(49,337)	(148,190)
Interest expense on loans payable (note 6)	<u>(355,525)</u>	<u>(276,512)</u>	<u>(381,045)</u>
Operating surplus (deficit)	88,305	(210,258)	166,713
Net receivable from (payable to) the City of Toronto		210,258	(166,713)
Annual deficit		<u>-</u>	<u>-</u>
Accumulated surplus, beginning and end of year		<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Annual deficit	\$ -	\$ -
Amortization of arena expansion	49,337	148,190
Utilization of inventories, net	<u>-</u>	<u>2,336</u>
Changes in net debt	49,337	150,526
Net debt, beginning of year	<u>(7,328,216)</u>	<u>(7,478,742)</u>
Net debt, end of year	<u>\$ (7,278,879)</u>	<u>\$ (7,328,216)</u>

(See accompanying notes)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Annual deficit	-	-
Adjustments for:		
Amortization of arena expansion	49,337	148,190
Non-cash changes to operations:		
Accounts receivable	5,619	29,799
Government remittances receivable	(11,005)	8,548
Due from City of Toronto - operating deficit	(210,258)	166,713
- expansion deposit	-	20,000
- post-employment benefits	(10,742)	(63,962)
- pool	(369,256)	(161,500)
Accounts payable and accrued liabilities	30,942	(70,748)
Government remittances payable	(16,872)	5,937
Refundable customer deposits	(7,750)	9,500
Due to City of Toronto - payroll and other	852,762	(88,784)
Deferred revenue	13,241	(21,687)
Post-employment benefits payable	10,742	2,167
Inventories	-	2,336
	<u>336,760</u>	<u>(13,491)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Loans repayment	<u>(49,337)</u>	<u>(148,190)</u>
INCREASE (DECREASE) IN CASH	287,423	(161,681)
CASH, BEGINNING OF YEAR	<u>660,849</u>	<u>822,530</u>
CASH, END OF YEAR	<u>\$ 948,272</u>	<u>\$ 660,849</u>

(See accompanying notes)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

1. NATURE OF OPERATIONS

The Leaside Memorial Community Gardens was established as a Memorial Community Centre under the Community Recreation Centres Act (RSO 1990, Chapter C.22), pursuant to Chapter 25 of the City of Toronto Municipal Code, by By-law No. 1374 (former Town of Leaside, December 17, 1951), as amended. The Board of Management operates and manages the Leaside Memorial Gardens Arena (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 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).

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 and rental deposits for the auditorium paid in advance are recorded as deposits or deferred revenue, if the amount has been invoiced.

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 loans payable.

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.

Arena expansion

Arena expansion is recorded at cost. Amortization is provided using the sinking fund method. The sinking fund method amortizes the arena expansion on the same basis as the loan repayments are required to be made.

Contributed material and services

Major capital expenditures that are financed by the City of Toronto, which owns the facility, 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.

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

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

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 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 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.

3. **DUE (TO) FROM CITY OF TORONTO - OPERATING DEFICIT**

The balance due from the City of Toronto consists of the following:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ (33,403)	\$ 133,310
Operating (surplus) deficit	210,258	(166,713)
Amortization of arena expansion	49,337	148,190
Principal loan repayments	<u>(49,337)</u>	<u>(148,190)</u>
Net expenditure receivable from the City of Toronto	<u>210,258</u>	<u>(166,713)</u>
Balance, end of year	\$ <u>176,855</u>	\$ <u>(33,403)</u>

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

3. DUE FROM CITY OF TORONTO - OPERATING DEFICIT - Cont'd.

The balance at the beginning of 2019 is comprised of the following:

2004 adjustment to deficit due to change in accounting policy	\$	9,355
2006 adjustment to deficit due to change in accounting policy		449
2006 restatement deficit due to change in accounting policy		76,037
2008 over payment		10
2013 hydro payable		25,304
2017 deficit		3,604
2018 deficit		<u>18,551</u>
	\$	<u>133,310</u>

The loan agreement between the Arena and the City, as described in note 6, requires that any annual operating deficits be added to the principal balance of the City loan to the Arena and that a revised loan amortization schedule be prepared. City Council authorized a one-time exception for the 2014 operating deficit incurred by the Arena from being added to the principle balance. As a result, the 2014 deficit is receivable from the City of Toronto and included in the balance above. The 2016, 2017, 2018 and 2019 deficits have been included in the balance due from the City of Toronto until a revised loan amortization schedule is prepared.

4. POST-EMPLOYMENT BENEFITS PAYABLE AND AMOUNT RECEIVABLE

The Arena participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its eligible employees. Under the sick leave plan for administration staff, unused sick leave accumulates and eligible employees may be entitled to a cash payment when they leave the Arena's employment. The liability for these accumulated days represents the extent to which they have vested and can be taken in cash by an employee upon termination, retirement or death.

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, 2020 with projections to December 31, 2021. Assumptions used to project the accrued benefit obligations were as follows:

- long-term inflation rate - 2.0%
- assumed health care cost trends - range from 3.0 % to 5.5%
- rate of compensation increase - 3.0% to 3.5%
- discount rates - post-retirement 2.0%, post-employment 1.2%, sick leave 1.5%

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

4. POST-EMPLOYMENT BENEFITS PAYABLE AND AMOUNT RECEIVABLE - Cont'd.

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

	<u>2020</u>	<u>2019</u>
Post-retirement benefits	\$ 105,980	\$ 90,306
Sick leave benefits	<u>50,515</u>	<u>51,502</u>
	156,495	141,808
Add: unamortized actuarial gain	<u>(55,145)</u>	<u>(51,200)</u>
Employee benefit liability	\$ <u>101,350</u>	\$ <u>90,608</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 90,608	\$ 88,441
Current service cost	2,857	2,469
Interest cost	3,774	4,250
Amortization of actuarial gain	6,392	(2,248)
Expected benefits paid	<u>(2,281)</u>	<u>(2,304)</u>
Balance, end of year	\$ <u>101,350</u>	\$ <u>90,608</u>

A receivable of \$39,554 (2019 - \$28,813) from the City 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 of administration staff that may be incurred by the Arena.

In addition, the Arena makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its 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 rates of pay. Employer contributions to this pension plan amounted to \$38,138 (2019 - \$42,512).

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 a 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.

5. POOL AGREEMENT WITH CITY OF TORONTO

Under an agreement commencing October 1, 1996, between the Arena and the former Corporation of the Borough of East York (now the City of Toronto), the Board is appointed to operate, manage and maintain the swimming pool facility located at 1073 Millwood Road. The agreement was for a one year period and, without notice to terminate the agreement from either party, automatically renews for successive one year terms.

The agreement requires the City of Toronto to pay an annual rental fee to the Arena for the swimming pool facility equal to the annual capital and operating deficits as authorized by the Board of Management and approved by the City. In the year, the annual rental fee was \$369,256 (2019 - \$397,413).

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

6. LOANS PAYABLE

The Arena received approval from Toronto City Council through the 2012 capital budget for the construction of a second ice pad on adjacent lands acquired by the City of Toronto.

In 2013, the Arena received a bond loan of \$1,052,200 from Infrastructure Ontario, borrowed by the City of Toronto on the Arena's behalf. Included in an agreement between the Arena and the City of Toronto dated May 15, 2012, the Arena also received a recoverable debt loan of \$7,302,334.

In 2013, the arena expansion of \$8,354,534 was recorded as a tangible asset in an amount equal to the total loans payable. Amortization expense and accumulated amortization amounted to \$49,337 (2019 - \$148,190) and \$1,077,622 (2019 - \$1,028,285), respectively.

In December 2016, City Council reconciled both an operating deficit and surplus that occurred over the previous two years (2014 and 2015) at the arena, and further authorized an amendment to the loan guarantee agreement to better facilitate applying any future year operating surpluses toward early debt retirement.

Loan payments were suspended in the fiscal year 2020 given the economic uncertainty surrounding the Arena's revenues due to the pandemic and associated closure of the facility.

Loans payable is comprised of the following:

	<u>2020</u>	<u>2019</u>
Loan from Infrastructure Ontario through the City of Toronto - 4.52%, payable in blended quarterly payments of \$20,051 over 20 years	\$ 747,939	\$ 759,408
Recoverable debt loan from the City of Toronto - 4.60%, payable in blended quarterly payments of \$112,504 over 30 years	<u>6,528,973</u>	<u>6,566,841</u>
	<u>\$ 7,276,912</u>	<u>\$ 7,326,249</u>

Total loan principal repayments made in the year amounted to \$49,337 (2019 - \$142,690).

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

2021	\$ 363,385
2022	219,961
2023	230,242
2024	240,910
2025	252,122
Thereafter	<u>5,970,292</u>
	<u>\$ 7,276,912</u>

During the year, \$276,512 (2019 - \$381,045) of interest expense was recorded related to the loans payable. Included in the balance due to the City of Toronto - payroll and other was \$276,512 (2019 - \$84,044) of accrued interest related to the loans payable.

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

7. DEBT SERVICE RESERVE FUND

As part of the agreement between the Arena and the City of Toronto dated May 15, 2012, described in note 6, the Arena must charge a levy surcharge on the ice rental rates charged to all contracted users of the Arena during prime time of not less than \$20. The levy surcharge is to be remitted to the City to establish a debt service reserve fund and is to be levied until the reserve fund has reached an amount equal to four regular payments on the loans payable of \$530,219. The Arena began charging this levy surcharge in October 2013. The debt service reserve fund consists of the following:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 447,755	\$ 380,555
Levy surcharges charged	<u>40,840</u>	<u>67,200</u>
Balance, end of year	<u>\$ 488,595</u>	<u>\$ 447,755</u>

Included in the balance due to the City of Toronto - payroll and other was \$116,517 (2019 - \$70,250) of levy surcharges payable.

8. SETTLEMENT OF DISCREPANCIES WITH THE CITY OF TORONTO

In 2019 the Arena and the City of Toronto settled a number of discrepancies contained within the various due to / due from balances between the two parties. Included in Other revenue is \$Nil (2019 - \$153,915) which represents the net adjustment to the Arena's accounts resulting from the settlement of these discrepancies.

9. VEHICLE AND EQUIPMENT RESERVE CONTRIBUTIONS

These contributions are for the financing of replacement ice resurfacer machines required by the Arenas in future years. In the year, the contribution was \$24,000 (2019 - \$21,000).

10. 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.

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 resulted in a decline in operating revenue and corresponding decrease in operating expenses.

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

11. ALLOCATED EXPENSES

	2020				2019			
	Arena	Pool	Banquet/ Meeting Room	Total	Arena	Pool	Banquet/ Meeting Room	Total
Salaries and wages	\$ 128,866	\$ 48,084	\$ 15,387	\$ 192,337	\$ 172,375	\$ 64,319	\$ 20,582	\$ 257,276
Employee benefits	76,874	28,684	9,179	114,737	91,577	34,171	10,935	136,683
Building repairs and maintenance	8,754	3,266	1,045	13,065	5,632	2,102	673	8,407
Supplies	10,067	3,756	1,202	15,025	3,640	1,357	435	5,432
Insurance	8,295	3,095	990	12,380	8,295	3,095	990	12,380
Professional fees	6,570	2,452	785	9,807	16,275	6,073	1,943	24,291
Office expenses	19,797	7,387	2,364	29,548	15,219	5,679	1,817	22,715
Miscellaneous	3,578	1,336	427	5,341	6,568	2,451	784	9,803
Total	\$ 262,801	\$ 98,060	\$ 31,379	\$ 392,240	\$ 319,581	\$ 119,247	\$ 38,159	\$ 476,987

12. 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 Arena 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 loans payable. 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.

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 rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of 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 all denominated in Canadian dollars and the Arena transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

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

Market risk - Cont'd.

ii) *Interest rate risk*

Interest rate risk refers to 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 Arena's loans payable bear interest at fixed rates. Consequently, the Arena's exposure to interest rate risk is negligible.

iii) *Other price risk*

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

Changes in risk

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

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

SUPPLEMENTAL SCHEDULE - ARENA OPERATIONS

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue		
Arena ice rental	\$ 823,529	\$ 1,431,677
Dash board rental	38,845	60,547
Debt reserve surcharge	40,840	67,200
Pro shop	<u>2,100</u>	<u>10,372</u>
	<u>905,314</u>	<u>1,569,796</u>
Expenses		
Salaries and wages	254,965	269,076
Building repairs and maintenance	70,943	78,007
Equipment repairs and maintenance	2,826	19,808
Utilities	228,853	371,187
Ice resurfacers costs	5,483	36,321
Allocated expenses (note 10)	<u>262,801</u>	<u>319,581</u>
	<u>825,871</u>	<u>1,093,980</u>
Excess of revenue over expenses before items below	79,443	475,816
Debt service reserve fund contributions (note 7)	(40,840)	(67,200)
Vehicle and equipment reserve contributions (note 9)	(24,000)	(21,000)
Amortization of arena expansion (note 6)	(49,337)	(148,190)
Interest expense on loans payable (note 6)	<u>(276,512)</u>	<u>(381,045)</u>
Operating surplus (deficit)	<u>\$ (311,246)</u>	<u>\$ (141,619)</u>

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS
SUPPLEMENTAL SCHEDULE - POOL OPERATIONS
YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue		
Pool (note 5)	\$ <u>369,256</u>	\$ <u>397,414</u>
Expenses		
Salaries and wages	70,170	80,030
Building repairs and maintenance	135,323	127,166
Supplies	5,856	12,170
Utilities	57,917	62,821
Allocated expenses (note 10)	<u>98,060</u>	<u>119,247</u>
	<u>367,326</u>	<u>401,434</u>
Excess of revenue over expenses	\$ <u>1,930</u>	\$ <u>(4,020)</u>

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS
SUPPLEMENTAL SCHEDULE - BANQUET/MEETING ROOM OPERATIONS
YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue		
Banquet/meeting room	\$ <u>26,993</u>	\$ <u>106,694</u>
Expenses		
Salaries and wages	17,814	23,106
Building repairs and maintenance	4,138	7,947
Equipment repairs and maintenance	-	300
Food and other purchases	654	1,574
Utilities	11,508	12,288
Office expenses	525	367
Allocated expenses (note 10)	<u>31,379</u>	<u>38,159</u>
	<u>66,018</u>	<u>83,741</u>
Excess of revenue over expenses	\$ <u>(39,025)</u>	\$ <u>22,953</u>