

**FINANCIAL STATEMENTS**  
**For**  
**BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**  
**For the year ended**  
**DECEMBER 31, 2021**

## Management's Responsibility for the Financial Statements

The financial statements of the Board of Management of Leaside Memorial Community Gardens (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.

  
..... Chairperson

  
..... Treasurer

**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, 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.

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.

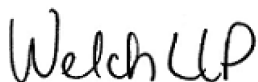
## *Auditor's Responsibilities for the Audit of the Financial Statements*

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  
December 13, 2023.

**BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,035,998	\$ 948,272
Accounts receivable	54,431	28,310
Government remittances receivable	-	11,005
Due from City of Toronto - operating deficit (note 3)	-	176,855
- post-employment benefits (note 4)	104,027	101,350
- pool (note 5)	<u>536,773</u>	<u>766,669</u>
	<u>1,731,229</u>	<u>2,032,461</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	98,531	129,771
Government remittances payable	47,234	-
Refundable customer deposits	63,249	56,000
Due to City - Operating Surplus (note 3)	18,457	-
Due to City of Toronto - payroll and other (notes 6 and 7)	1,288,815	1,600,706
Loans payable (note 6)	7,174,773	7,276,912
Deferred revenue	112,881	146,601
Post-employment benefits payable (note 4)	<u>104,027</u>	<u>101,350</u>
	<u>8,907,967</u>	<u>9,311,340</u>
<b>NET DEBT</b>	<u>(7,176,738)</u>	<u>(7,278,879)</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventories	1,965	1,967
Arena expansion (note 6)	<u>7,174,773</u>	<u>7,276,912</u>
	<u>7,176,738</u>	<u>7,278,879</u>
<b>ACCUMULATED SURPLUS</b>	<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, 2021**

	Budget 2021 (unaudited)	2021	2020
<b>Revenue</b>			
Arena ice rental	\$ 1,661,815	\$ 782,434	\$ 823,529
Dash board rental	60,000	5,000	38,845
Debt reserve surcharge (note 7)	98,480	34,850	40,840
Pro shop	10,877	-	2,100
Pool (note 5)	385,434	230,488	369,256
Banquet/meeting room	118,000	25,912	26,993
Snack bar and vending	67,400	-	26,950
Government funding	93,700	65,958	131,475
Funding revenue	-	272,110	-
	<u>2,495,706</u>	<u>1,416,752</u>	<u>1,459,988</u>
<b>Expenses</b>			
Salaries and wages	721,101	460,922	544,685
Employee benefits	168,070	118,221	114,737
Building repairs and maintenance	242,004	68,595	223,470
Equipment repairs and maintenance	69,500	19,455	2,826
Supplies	20,900	14,306	20,881
Food and other purchases	30,900	233	9,813
Utilities	466,300	191,448	298,278
Advertising and promotions	12,660	825	525
Insurance	14,327	-	12,380
Professional fees	10,000	40,964	9,807
Office expenses	50,800	70,931	29,548
Ice resurfacers costs	20,000	8,749	5,483
Miscellaneous	20,800	9,722	7,124
	<u>1,847,362</u>	<u>1,004,371</u>	<u>1,279,557</u>
<b>Excess of revenue over expenses before items below</b>	648,344	412,381	180,431
Debt service reserve fund contributions (note 7)	(82,960)	(34,850)	(40,840)
Vehicle and equipment reserve contributions (note 8)	(25,000)	(26,000)	(24,000)
Amortization of arena expansion (note 6)	-	(102,139)	(49,337)
Interest expense on loans payable (note 6)	<u>(536,600)</u>	<u>(54,080)</u>	<u>(276,512)</u>
<b>Operating surplus (deficit)</b>	<u>\$ 3,784</u>	195,312	(210,258)
<b>Net receivable from (payable to) the City of Toronto</b>		(195,312)	210,258
<b>Annual deficit</b>		<u>-</u>	<u>-</u>
<b>Accumulated surplus, beginning and end of year</b>		<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, 2021

	<u>2021</u>	<u>2020</u>
Annual deficit	\$ -	\$ -
Amortization of arena expansion	102,139	49,337
Utilization (purchase) of inventories, net	<u>2</u>	<u>-</u>
Changes in net debt	102,141	49,337
Net debt, beginning of year	<u>(7,278,879)</u>	<u>(7,328,216)</u>
Net debt, end of year	<u>\$ (7,176,738)</u>	<u>\$ (7,278,879)</u>

(See accompanying notes)

**BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Annual deficit	\$ -	\$ -
Adjustments for:		
Amortization of arena expansion	102,139	49,337
Loan repayment from debt reserve funds	(102,139)	-
Non-cash changes to operations:		
Accounts receivable	(26,121)	5,619
Government remittances receivable	11,005	(11,005)
Due from City of Toronto - operating deficit	195,312	(210,258)
- post-employment benefits	(2,677)	(10,742)
- pool	229,896	(369,256)
Accounts payable and accrued liabilities	(31,240)	30,942
Government remittances payable	47,234	(16,872)
Refundable customer deposits	7,249	(7,750)
Due to City of Toronto - payroll and other	(311,891)	852,762
Deferred revenue	(33,720)	13,241
Post-employment benefits payable	2,677	10,742
Inventories	<u>2</u>	<u>-</u>
	<u>87,726</u>	<u>336,760</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Repayments of loans payable	<u>-</u>	<u>(49,337)</u>
<b>INCREASE IN CASH</b>	87,726	287,423
<b>CASH, BEGINNING OF YEAR</b>	<u>948,272</u>	<u>660,849</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,035,998</u>	<u>\$ 948,272</u>

(See accompanying notes)

**BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2021**

**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, 2021**

**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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 176,855	\$ (33,403)
Operating (surplus) deficit	(195,312)	210,258
Amortization of arena expansion	102,139	49,337
Principal loan repayments	<u>(102,139)</u>	<u>(49,337)</u>
Net expenditure receivable from the City of Toronto	<u>(195,312)</u>	<u>210,258</u>
Balance, end of year	\$ (18,457)	\$ 176,855

**BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**

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

**YEAR ENDED DECEMBER 31, 2021**

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

The balance at the beginning of 2020 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		18,551
2019 surplus		(166,713)
2020 deficit		<u>210,258</u>
	\$	<u>176,855</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/surpluses 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, 2021 with projections to December 31, 2022. 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 6.0%
- rate of compensation increase - 3.0% to 3.5%
- discount rates - post-retirement 2.7%, post-employment 2.0%, sick leave 2.1%

**BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**

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

**YEAR ENDED DECEMBER 31, 2021**

**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>2021</u>	<u>2020</u>
Post-retirement benefits	\$ 149,061	\$ 105,980
Sick leave benefits	-	50,515
	<u>149,061</u>	<u>156,495</u>
Add: unamortized actuarial gain	<u>(45,034)</u>	<u>(55,145)</u>
Employee benefit liability	\$ <u>104,027</u>	\$ <u>101,350</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 101,350	\$ 90,608
Current service cost	3,188	2,857
Interest cost	2,861	3,774
Plan amendment	7,063	-
Amortization of actuarial gain	-	6,392
Expected benefits paid	<u>(10,435)</u>	<u>(2,281)</u>
Balance, end of year	\$ <u>104,027</u>	\$ <u>101,350</u>

A receivable of \$42,632 (2020 - \$39,554) 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 \$34,238 (2020 - \$38,138).

The most recent actuarial valuation of the OMERS 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 that will be recognized over the next four years). 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. The Arena's contributions account 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.

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

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 \$230,488 (2020 - \$369,256).

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 \$102,139 (2020 - \$49,337) and \$1,179,761 (2020 - \$1,077,622), respectively.

Loans payable is comprised of the following:

	<u>2021</u>	<u>2020</u>
Loan from Infrastructure Ontario through the City of Toronto - 4.52%, payable in blended quarterly payments of \$20,051 over 20 years	\$ 722,784	\$ 747,939
Recoverable debt loan from the City of Toronto - 4.60%, payable in blended quarterly payments of \$112,504 over 30 years	<u>6,451,989</u>	<u>6,528,973</u>
	<u>\$ 7,174,773</u>	<u>\$ 7,276,912</u>

Due to cash restraints from COVID, the Arena negotiated with the City to suspend the loan payment in 2021 and restore the repayment in 2022. The City withdrew 2 quarterly payments from the Arena's debt reserve funds. Total loan principal repayments made in the year amounted to \$102,139 (2020 - \$49,337).

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

2022	\$ 219,961
2023	230,242
2024	240,910
2025	252,122
2026	263,755
Thereafter	<u>5,967,783</u>
	<u>\$ 7,174,773</u>

During the year, \$54,080 (2020 - \$276,512) of interest expense was recorded related to the loans payable, due to payment from the debt reserve funds. Included in the balance due to the City of Toronto - payroll and other was \$432,731 (2020 - \$276,512) 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, 2021**

**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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 488,595	\$ 447,755
Levy surcharges charged	34,850	40,840
Payment to the City of Toronto for the loan	<u>(265,110)</u>	<u>-</u>
Balance, end of year	<u>\$ 258,335</u>	<u>\$ 488,595</u>

Included in the balance due to the City of Toronto - payroll and other was \$151,367 (2020 - \$116,517) of levy surcharges payable.

The agreement between the Arena and the City also requires that operating surpluses be deposited into the Arena's debt service reserve fund. Toronto City Council authorized an amendment to the agreement to allow operating surpluses to be deposited into the debt service reserve fund at year-end, rather than at the four payment dates currently provided for in the agreement.

**8. 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 \$26,000 (2020 - \$24,000).

**9. 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. In 2021, the Arena was closed again for a number of months in response to the quarantine measures implemented by the provincial government to stop the spread of the virus.

The Arena received \$245,000 from the City of Toronto as emergency funding and \$27,110 operational subsidy to support cash shortfall due to the closure.

**10. ALLOCATED EXPENSES**

	<u>2021</u>				<u>2020</u>			
	<u>Arena</u>	<u>Pool</u>	<u>Banquet/ Meeting Room</u>	<u>Total</u>	<u>Arena</u>	<u>Pool</u>	<u>Banquet/ Meeting Room</u>	<u>Total</u>
Salaries and wages	\$ 128,216	\$ 47,842	\$ 15,309	\$ 191,367	\$ 128,866	\$ 48,084	\$ 15,387	\$ 192,337
Employee benefits	77,414	28,886	9,244	115,544	76,874	28,684	9,179	114,737
Building repairs and maintenance	1,122	419	134	1,675	8,754	3,266	1,045	13,065
Supplies	5,377	2,007	642	8,026	10,067	3,756	1,202	15,025
Insurance	-	-	-	-	8,295	3,095	990	12,380
Professional fees	27,446	10,241	3,277	40,964	6,570	2,452	785	9,807
Office expenses	47,524	17,733	5,674	70,931	19,797	7,387	2,364	29,548
Miscellaneous	<u>5,881</u>	<u>2,193</u>	<u>703</u>	<u>8,777</u>	<u>3,578</u>	<u>1,336</u>	<u>427</u>	<u>5,341</u>
Total	<u>\$ 292,980</u>	<u>\$ 109,321</u>	<u>\$ 34,983</u>	<u>\$ 437,284</u>	<u>\$ 262,801</u>	<u>\$ 98,060</u>	<u>\$ 31,379</u>	<u>\$ 392,240</u>

**BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**

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

**YEAR ENDED DECEMBER 31, 2021**

**11. 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.

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, 2021**

	<u>2021</u>	<u>2020</u>
<b>Revenue</b>		
Arena ice rental	\$ 782,434	\$ 823,529
Dash board rental	5,000	38,845
Debt reserve surcharge	34,850	40,840
Pro shop	-	2,100
Other	65,958	131,475
Government funding	<u>272,110</u>	<u>-</u>
	<u>1,160,352</u>	<u>1,036,789</u>
<b>Expenses</b>		
Salaries and wages	187,313	254,965
Employee benefits	2,677	-
Building repairs and maintenance	50,347	70,943
Equipment repairs and maintenance	19,455	2,826
Utilities	135,926	228,853
Ice resurfacers costs	8,749	5,483
Allocated expenses (note 10)	<u>292,980</u>	<u>262,801</u>
	<u>697,447</u>	<u>825,871</u>
<b>Excess of revenue over expenses before items below</b>	462,905	210,918
Debt service reserve fund contributions (note 7)	(34,850)	(40,840)
Vehicle and equipment reserve contributions (note 8)	(26,000)	(24,000)
Amortization of arena expansion (note 6)	(102,139)	(49,337)
Interest expense on loans payable (note 6)	<u>(54,080)</u>	<u>(276,512)</u>
<b>Operating surplus (deficit)</b>	<u>\$ 245,836</u>	<u>\$ (179,771)</u>

**BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**  
**SUPPLEMENTAL SCHEDULE - POOL OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Revenue</b>		
Pool (note 5)	\$ <u>230,488</u>	\$ <u>369,256</u>
<b>Expenses</b>		
Salaries and wages	64,857	70,170
Building repairs and maintenance	15,860	135,323
Supplies	6,280	5,856
Utilities	45,112	57,917
Allocated expenses (note 10)	<u>109,321</u>	<u>98,060</u>
	<u>241,430</u>	<u>367,326</u>
<b>Excess of revenue over expenses</b>	\$ <u>(10,942)</u>	\$ <u>1,930</u>

**BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS**  
**SUPPLEMENTAL SCHEDULE - BANQUET/MEETING ROOM OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Revenue</b>		
Banquet/meeting room	\$ <u>25,912</u>	\$ <u>26,993</u>
<b>Expenses</b>		
Salaries and wages	17,385	17,814
Building repairs and maintenance	713	4,138
Food and other purchases	233	654
Utilities	10,410	11,508
Office expenses	825	525
Allocated expenses (note 10)	<u>34,983</u>	<u>31,379</u>
	<u>64,549</u>	<u>66,018</u>
<b>Excess of revenue over expenses</b>	\$ <u>(38,637)</u>	\$ <u>(39,025)</u>