

**COMMITTEE OF MANAGEMENT OF TED REEVE  
COMMUNITY ARENA**

**FINANCIAL STATEMENTS**

**December 31, 2022**

# **COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

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**December 31, 2022**

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**Kwok and Associate**  
Licensed Public Accountant

500 Alden Road, Unit 9  
Markham, ON L3R 5H5  
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**Management's Responsibility for the Financial Statements**

The financial statements of the Committee of Management of Ted Reeve Community Arena (the "Arena") are the responsibility of management and have been approved by the Committee of Management.

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

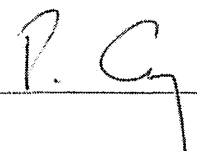
The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Arena's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Committee reviews the Arena's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Kwok and Associate, Licensed Public Accountant, 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.

  
Chair

  
Interim 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 TED REEVE COMMUNITY ARENA**

### *Opinion*

We have audited the accompanying financial statements of the Committee of Management of Ted Reeve Community Arena (the "Arena") which comprise the statement of financial position as at December 31, 2022 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, 2022 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*

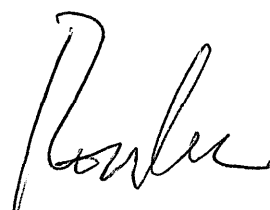
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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  
April 20, 2024



Ronald Kwok, CPA, CGA  
Licensed Public Accountant

# COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 631,951	\$ 264,398
Accounts receivable	<u>56,771</u>	<u>130,441</u>
	<u>688,722</u>	<u>394,839</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	201,781	147,790
Government remittances payable	41,442	49,284
Due to City of Toronto -operating surplus (note 4)	305,659	149,382
Deferred revenue	20,443	33,600
Short term disability plan payable (note 7)	113,000	-
Due to City of Toronto - working capital advance (note 1)	<u>15,000</u>	<u>15,000</u>
	<u>697,325</u>	<u>395,056</u>
<b>NET DEBT</b>	<u>(8,603)</u>	<u>(217)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	230,518	198,513
Inventories	<u>8,603</u>	<u>217</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 230,518</u>	<u>\$ 198,513</u>

Approved on behalf of the Board of Management:

I. HENRY Chairperson

P. COSY Interim Treasurer

See accompanying Notes to Financial Statements

# COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

## STATEMENT OF OPERATIONS

**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u> <u>Budget</u> (Unaudited)	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
<b>REVENUE</b>			
Ice rentals	\$ 1,092,922	\$ 1,093,529	\$ 765,136
Emergency funding from City of Toronto (note 8)	-	-	243,000
Snack bar			
and vending machine operations (Schedule A)	16,800	(3,464)	(1,150)
Lacrosse and summer rentals	21,820	41,364	2,520
Meeting room rentals (note 6)	84,000	84,000	84,000
Other	<u>21,309</u>	<u>26,865</u>	<u>16,372</u>
	<u>1,236,851</u>	<u>1,242,294</u>	<u>1,109,878</u>
<b>EXPENDITURES</b>			
Salaries and wages	523,425	463,339	418,524
Employee benefits	189,983	225,148	102,371
Utilities	261,612	208,955	182,727
Insurance	1,000	2,065	1,258
Office and administration	46,395	54,647	32,336
Professional fees	17,000	28,070	13,810
Maintenance and repairs	169,786	170,740	125,906
Amortization	<u>-</u>	<u>33,126</u>	<u>28,926</u>
	<u>1,209,201</u>	<u>1,186,090</u>	<u>905,858</u>
Excess revenue (expenditures) for the year	27,650	56,204	204,020
Vehicle & equipment reserve contribution (note 5)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(24,000)</u>
<b>Operating surplus (deficit)</b>	\$ <u>3,650</u>	32,204	180,020
<b>Net payable to the City of Toronto (note 4)</b>		<u>(199)</u>	<u>(208,946)</u>
<b>Annual surplus (deficit)</b>		32,005	(28,926)
<b>Accumulated surplus, beginning of year</b>		<u>198,513</u>	<u>227,439</u>
<b>Accumulated surplus, end of year</b>		\$ <u>230,518</u>	\$ <u>198,513</u>

See accompanying Notes to Financial Statements

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

**STATEMENT OF CHANGES IN NET DEBT**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
Annual surplus	\$ 32,005	\$ (28,926)
Acquisition of tangible capital assets	(65,131)	-
Amortization of tangible capital assets	33,126	28,926
Purchase of inventories, net	8,386	(1,150)
Prepaid expenses	<u>-</u>	<u>(2,241)</u>
Change in net debt	8,386	(3,391)
Net debt, beginning of year	<u>217</u>	<u>3,608</u>
Net debt, end of year	<u>\$ 8,603</u>	<u>\$ 217</u>

See accompanying Notes to Financial Statements



# COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus	\$ 32,005	\$ (28,926)
Adjustment for item not requiring cash:		
Amortization	<u>33,126</u>	<u>28,926</u>
	65,131	-
Non-cash changes to operation		
Accounts receivable	73,670	163
Due from City of Toronto - operating deficit	-	59,564
Inventories	(8,386)	1,150
Prepaid expenses	-	2,241
Accounts payable and accrued liabilities - other	53,991	50,147
Government remittances payable	(7,842)	-
Due to City of Toronto - operating surplus	156,277	149,382
Deferred revenue	(13,157)	(165,930)
Short term disability	<u>113,000</u>	<u>-</u>
Cash flows from (used in) operating activities	<u>432,684</u>	<u>96,717</u>
<b>CASH FLOWS FROM CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	<u>(65,131)</u>	<u>-</u>
Increase (decrease) in cash	367,553	96,717
Cash (bank indebtedness), beginning of year	<u>264,398</u>	<u>167,681</u>
Cash (bank indebtedness), end of year	<u>\$ 631,951</u>	<u>\$ 264,398</u>

See accompanying Notes to Financial Statements

# Committee of Management of Ted Reeve Community Arena

## NOTES TO FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2022

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### 1. NATURE OF OPERATIONS

The Toronto East Arena Gardens Incorporated operating as the Committee of Management of Ted Reeve Community Arena (the "Arena") was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code, By-Law No 19484, as amended. The Committee of Management operates and manages the Arena on behalf of the City of Toronto.

Under the By-Law, the Committee of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Committee over and above that necessary to pay all the charges, costs and expense resulting from or incidental to the management and control of the premises.

The Committee 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 Committee 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, deferred revenue, short term disability and amounts due to the City of Toronto.

# Committee of Management of Ted Reeve Community Arena

## NOTES TO FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2022

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### *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.

### *Tangible capital assets*

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	4 - 15 years straight line
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### *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-pension plan*

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.

### *Employee related costs-short term disability plan*

The arena has established a self-funded short term disability plan, which provides a top up to the employment Insurance sickness benefit. This self-funded plan has been approved by the city of Toronto.

The arena records these expenses and liabilities up to an amount that would not create an operating deficit or receivable from the City of Toronto. The amounts recorded in the first year of implementation has been agreed by Mercer Canada.

### *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, assessing the allowance of doubtful accounts, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

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.

# Committee of Management of Ted Reeve Community Arena

## NOTES TO FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2022

### 3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2022</u>	<u>2021</u>
Furniture and equipment-cost	\$ 379,397	\$ 314,266
Less: accumulated amortization	<u>(148,879)</u>	<u>(115,753)</u>
	\$ <u>230,518</u>	\$ <u>198,513</u>

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

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ <u>(149,382)</u>	\$ <u>59,564</u>
Current year's operating (surplus) deficit	(32,204)	(180,020)
Current year's capital assets purchase	65,131	-
Current year's amortization's	<u>(33,126)</u>	<u>(28,926)</u>
Net payable to the City of Toronto	(199)	(208,946)
Paid (received) during the current year	<u>(156,078)</u>	<u>-</u>
Balance, end of year	<u>(305,659)</u>	<u>(149,382)</u>

The balance at the end of 2022 is comprised of the following:

	<u>2022</u>	<u>2021</u>
2018 operating surplus payable	(78,587)	(78,587)
2019 operating surplus payable	(17,927)	(17,927)
2020 operating deficit receivable	-	156,078
2021 operating surplus payable	(208,946)	(208,946)
2022 operating surplus payable	<u>(199)</u>	<u>-</u>
	<u>(305,659)</u>	<u>(149,382)</u>

### 5. VEHICLE AND EQUIPMENT RESERVE CONTRIBUTION

This reserve represents contribution made to the City for the financing of replacement ice resurface machine required by the Arena in future years. The contribution for the year was \$24,000 (2021 - \$24,000).

# Committee of Management of Ted Reeve Community Arena

## NOTES TO FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2022

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### 6. CONTRACTUAL RIGHTS

In December 2018, the Arena entered into a 5-year lease agreement with Community Centre 55, commencing on February 1, 2018 and ending January 31, 2023. After the 5 year term, Community Centre 55 continues to rent the space on a month by month basis with a monthly rental of \$7,000.

### 7. EMPLOYEE-RELATED EXPENSES

#### *Pension Plan*

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 \$34,907 (2021 - \$34,864).

The most recent actuarial valuation of the Plan as at December 31, 2022 indicates the Plan is in a deficit position and the Plan's December 31, 2022 financial statements indicate a net deficit of \$6,100 million (a deficit of \$6,678 million plus adjustment of \$578 million 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.

#### *Self-funded Short-Term Disability Fund*

This Fund provides eligible employee income protection, by way of a top up from the date of injury/illness, if the disability is due to an accident or resulting in immediate hospitalization, or after seven consecutive calendar days of absence for all other disabilities, up to the protection provided by the insured Long-Term Disability Plan. The Arena will top up Canada's Employment Insurance benefit to 100% of the employee's pre-disability wages. In addition to providing the important top up benefit, the short term disability plan enables employees to access supportive, disability case management and rehabilitation services throughout their absence and their return to work.

In this first year of implementation, the arena has expensed \$113,000 and a liability of \$113,000 has been set up. The fund will be reviewed annually, any excess or deficiency in the liabilities will be adjusted in the year of review.

# Committee of Management of Ted Reeve Community Arena

## NOTES TO FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2022

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### 8. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19

In Mid-March 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of COVID-19.

The Arena was closed to the public for the majority of 2021 in response to the quarantine measures implemented by the provincial government to stop the spread of COVID-19. It had various reopenings and closures in 2021 but closed again in January 2022. As of March 1, 2022, the arena reopened and is operating at regular hours.

The Arena received \$Nil (2021 - \$243,000) from the City of Toronto as emergency funding to support cash shortfall due to the closure. As at December 31, 2022, \$Nil (2021 - \$Nil) of the emergency funding was receivable.

### 9. 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.

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.

# **Committee of Management of Ted Reeve Community Arena**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR YEAR ENDED DECEMBER 31, 2022**

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### **10. COMPARATIVE FIGURES**

The comparative figures were audited by another accountant.

### **11. BUDGETS AMOUNTS**

The 2022 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 April 20, 2024.

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

**SNACK BAR AND VENDING OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Schedule A**

	<u>2022</u> <u>Budget</u> (Unaudited)	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Sales			
Snack bar and vending	\$ 35,000	\$ 15,275	\$ -
Vending machine	<u>3,900</u>	<u>1,074</u>	<u>-</u>
	38,900	16,349	-
Cost of good sold	<u>22,100</u>	<u>12,287</u>	<u>1,150</u>
	<u>16,800</u>	<u>4,062</u>	<u>(1,150)</u>
Expenses			
Wages	-	7,526	-
Maintenance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>7,526</u>	<u>-</u>
Excess revenue over expenses (expense over revenue)	<u>\$ 16,800</u>	<u>\$ (3,464)</u>	<u>\$ (1,150)</u>





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April 22, 2024

**PRIVATE AND CONFIDENTIAL**

Committee of Management of Ted Reeve Community Arena  
175 Main Street  
Toronto, Ontario  
M4E 2W2

Attention: Mr. Michael Haughton, Manager

Dear Sir:

***Re: Areas for Improvement for Year Ended December 31, 2022***

During the course of our audit of the financial statements of the Committee of Management of Ted Reeve Community Arena ("the Arena") for the year ended December 31, 2022, we identified the following matters which may be of interest to management.

***1. A discrepancy of HST balances between HST return and general ledger balance***

There is a difference of \$1,540. The final quarter HST return shows a tax owing of \$39,902 whereas G/L balance shows a payable of \$41,442. This creates an exposure that could lead to a CRA review or audit.

The arise of the discrepancy of HST payable could be due to adjusting entries posted to general ledger after HST return has been filed. Unless there is a significant amount missing, we recommend that no adjusting entry shall be posted to the prior periods in which the books of the periods have been closed and the HST returns have been filed.

Management comment: The Arena Manager will ensure that accruals are made at each quarter end.

We would like to express our appreciation for the co-operation and assistance which we received during the audit. If there is any further question, please feel free to contact us.

Yours truly,

Ronald Kwok, CPA, CGA  
Licensed Public Accountant