

**BOARD OF MANAGEMENT OF WILLIAM H.
BOLTON ARENA**

FINANCIAL STATEMENTS

December 31, 2022

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

December 31, 2022

CONTENTS

	<u>Page</u>
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS	1
INDEPENDENT AUDITOR'S REPORT	2-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Debt	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12
Schedule A: Statements of Snack Bar and Vending Operations and Pro Shop Operations	13



Kwok and Associate
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Management's Responsibility for the Financial Statements

The financial statements of the Board of Management of William H. Bolton Arena (the "Arena") are the responsibility of management and have been approved by the Board of Management.

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

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

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

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

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

Craig Cameron

Chair

Richard Brown

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
BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA**

Opinion

We have audited the accompanying financial statements of the Board of Management of William H. Bolton 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 for the Financial Statements

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

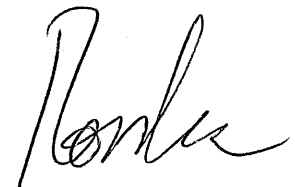
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 30, 2024



Ronald Kwok, CPA, CGA
Licensed Public Accountant

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

STATEMENT OF FINANCIAL POSITION

December 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash	\$ 838,605	\$ 176,152
Government remittances receivable	2,242	3,856
Due from City of Toronto - operating deficit (note 4)	<u>-</u>	<u>102,322</u>
	<u>840,847</u>	<u>282,330</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	45,125	60,353
Due to City of Toronto -operating surplus (note 4)	360,888	-
Deferred revenue	448,650	226,708
Due to City of Toronto - working capital advances (note 1)	<u>10,000</u>	<u>10,000</u>
	<u>864,663</u>	<u>297,061</u>
NET DEBT	<u>(23,816)</u>	<u>(14,731)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	52,993	4,502
Inventories	23,816	12,005
Prepaid expenses	<u>-</u>	<u>2,726</u>
	<u>76,809</u>	<u>19,233</u>
ACCUMULATED SURPLUS	<u>\$ 52,993</u>	<u>\$ 4,502</u>

Approved on behalf of the Board of Management:

Craig Cameron

Chair

Richard Bolton

Member

See accompanying Notes to Financial Statements

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON 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>
REVENUE			
Program registration	\$ 508,960	\$ 822,381	\$ 485,613
Ice rentals	124,027	178,622	97,856
Emergency funding - City of Toronto (note 8)	-	533,401	344,130
Pro shop operations (Schedule A)	-	65,560	17,669
Snack bar operations (Schedule A)	<u>4,285</u>	<u>22,086</u>	<u>1,126</u>
	<u>637,272</u>	<u>1,622,050</u>	<u>946,394</u>
EXPENDITURES			
Salaries and wages	470,642	515,995	405,379
Employee benefits	106,148	110,138	100,409
Utilities	196,672	132,587	105,549
Program material and supplies	173,280	265,814	78,109
Insurance	12,303	4,079	1,263
Office and administration	69,458	115,688	58,738
Professional fees	7,700	8,178	16,090
Maintenance and repair	131,610	148,273	51,680
Amortization	<u>-</u>	<u>13,096</u>	<u>5,692</u>
	<u>1,167,813</u>	<u>1,313,848</u>	<u>822,909</u>
Excess revenue (expenditures) for the year	(530,541)	308,202	123,485
Vehicle & equipment reserve contribution (note 6)	<u>(13,000)</u>	<u>(14,000)</u>	<u>(14,000)</u>
Operating surplus (deficit)	\$ <u>(543,541)</u>	294,202	109,485
Net payable to the City of Toronto (note 4)		<u>(245,711)</u>	<u>(115,177)</u>
Annual surplus (deficit)		48,491	(5,692)
Accumulated surplus, beginning of year		<u>4,502</u>	<u>10,194</u>
Accumulated surplus, end of year		\$ <u>52,993</u>	\$ <u>4,502</u>

See accompanying Notes to Financial Statements

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

STATEMENT OF CHANGES IN NET DEBT

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Annual surplus(deficit)	\$ 48,491	\$ (5,692)
Acquisition of tangible capital assets	(61,587)	-
Amortization of tangible capital assets	13,096	5,692
Prepaid expenses	2,726	-
Purchase of inventory, net	<u>(11,811)</u>	<u>-</u>
Change in net debt	(9,085)	-
Net debt, beginning of year	<u>(14,731)</u>	<u>(14,731)</u>
Net debt, end of year	\$ <u>(23,816)</u>	\$ <u>(14,731)</u>

See accompanying Notes to Financial Statements

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 48,491	\$ (5,692)
Adjustment for item not requiring cash:		
Amortization	<u>13,096</u>	<u>5,692</u>
	61,587	-
Non-cash changes to operation		
Accounts receivable	-	3,346
Government remittances receivable	1,614	9,679
Due from City of Toronto - operating deficit	102,322	126,347
Accounts payable and accrued liabilities	(15,228)	(25,113)
Due from City of Toronto - operating surplus	360,888	-
Deferred revenue	221,942	(145,031)
Prepaid expenses	2,726	-
Inventories	<u>(11,811)</u>	<u>-</u>
Cash flows from (used in) operating activities	<u>724,040</u>	<u>(30,772)</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(61,587)</u>	<u>-</u>
Increase (decrease) in cash	662,453	(30,772)
Cash (bank indebtedness), beginning of year	<u>176,152</u>	<u>206,924</u>
Cash (bank indebtedness), end of year	\$ <u>838,605</u>	\$ <u>176,152</u>

See accompanying Notes to Financial Statements

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. NATURE OF OPERATIONS

The Board of Management of William H. Bolton Arena (the "Arena") was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25 of the City of Toronto Municipal Code, By-Law No 318-71, as amended. The Board of Management operates and manages the Arena on behalf of the City of Toronto.

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

The Board of Management retains a working cash advance of \$10,000 provided by the City, for the management and control of the premises, to be returned to the City upon the Board of Management ceasing to function for any reason.

2. SIGNIFICANT ACCOUNTING POLICIES

Basic of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Revenue Recognition

Revenue and expenditures are recorded on an accrual basis, when the service has been provided, evidence of an arrangement exists, the fee is fixed or determinable and the amount is collectible.

Ice rentals, hockey schools and camp fees received 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 and amounts due from the City of Toronto.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to the City of Toronto.

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

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	5 years straight line
Computer equipment	3 years straight line

Contributed materials and services

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not recorded in these financial statements.

Services provided without charge by the City are not recorded in these financial statements. Other contributed materials and services are not recognized in the financial statements due to difficulty of determining their fair value.

Employee related costs

The city of Toronto offers a multi-employer defined benefit pension plan to the Arena's eligible employees. Due to the nature of the Plan, the Arena does not have sufficient information to account for the Plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the useful life of its tangible capital assets, accessing the allowance of doubtful accounts, 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.

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Furniture and equipment	\$ 123,161	\$ 100,616	\$ 98,111	\$ 93,609
Computer equipment	<u>36,537</u>	<u>6,089</u>	-	-
	159,698	<u>\$ 106,705</u>	98,111	<u>\$ 93,609</u>
Less: accumulated amortization	<u>(106,705)</u>		<u>(93,609)</u>	
	<u>\$ 52,993</u>		<u>\$ 4,502</u>	

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

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ <u>102,322</u>	\$ <u>228,669</u>
Current year's operating surplus	(294,202)	(109,485)
Current year's capital assets purchase	61,587	-
Current year's amortization's	<u>(13,096)</u>	<u>(5,692)</u>
Net payable to the City of Toronto	(245,711)	(115,177)
Received from the City of Toronto during the current year	<u>(217,499)</u>	<u>(11,170)</u>
Balance, end of year	<u>(360,888)</u>	<u>102,322</u>

The amount due from (to) City of Toronto balance is comprised of:

	<u>2022</u>	<u>2021</u>
2020 deficit receivable	-	217,499
2021 surplus payable	(115,177)	(115,177)
2022 surplus payable	<u>(245,711)</u>	<u>-</u>
	<u>(360,888)</u>	<u>102,322</u>

5. EMPLOYEE-RELATED EXPENSES

The Arena makes contribution to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its employees. The OMERS plan (the "Plan") is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$29,197 (2021 - \$25,014).

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 millions (a deficit of \$6,678 millions plus adjustment of \$578 millions of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Arena's contributions accounted for an insignificant portion of the Plan's total employer contribution. Additional contributions, if any, required to address the Arena's proportionate share of the deficit will be expensed during the period incurred.

6. VEHICLE AND EQUIPMENT REPLACEMENT RESERVE

This contribution are for the financing of replacement ice resurfacer machine required by the Arena in the future years. The contribution for the year was \$14,000 (2021 - \$14,000).

7. 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. 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.

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.

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 area reopened and is operating at regular hours.

The Arena received \$533,401(2021 - \$344,130) from the City of Toronto as emergency funding to support cash shortfall due to the closure.

9. COMPARATIVE FIGURES

The comparative figures were audited by another accountant.

10. BUDGETS AMOUNTS

The 2022 budget amounts on the Statements of Operations and Snack Bar and Vending Operations are presented for information purposes only, are unaudited, not reviewed and not covered by the report of Kwok and Associate dated April 30, 2024.

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

For the year ended December 31, 2022

Schedule A

PRO SHOP AND SKATE SHARPENING OPERATIONS

	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Sales		
Pro shop sales	\$ 42,143	\$ 18,519
Skate sharpening	<u>44,696</u>	<u>12,203</u>
	<u>86,839</u>	<u>30,722</u>
 Less: Cost of good sold	 <u>21,279</u>	 <u>13,053</u>
Gross profit (loss)	<u>65,560</u>	<u>17,669</u>

SNACK BAR AND VENDING OPERATIONS

	<u>2022</u> <u>Budget</u> (Unaudited)	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Sales			
Snack bar	\$ -	\$ 40,843	\$ 922
Vending machine	<u>4,285</u>	<u>11,135</u>	<u>1,561</u>
	<u>4,285</u>	<u>51,978</u>	<u>2,483</u>
 Cost of good sold	 <u>-</u>	 <u>29,892</u>	 <u>1,357</u>
Gross profit	<u>\$ 4,285</u>	<u>\$ 22,086</u>	<u>\$ 1,126</u>



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April 28, 2024

PRIVATE AND CONFIDENTIAL

Board of Management of William H. Bolton Arena
40 Rossmore Road
Toronto, Ontario
M6G 2M7

Attention: Mr. Mario Carpino, 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 Board of Management of William H. Bolton Arena ("the Arena") for the year ended December 31, 2022, we identified the following matters which may be of interest to management.

1. Undeposited clearing general ledger account isn't cleared at year end

We noted that cash receipts and deposits are processed in the accounting system using a clearing account called undeposited item. Clearing account should be cleared and should have a nil balance. At year-end 2022, this clearing account isn't zero at year end, there might be errors in the receipts process. We recommend that reconciliation be made to clear this account at every month end.

Management comment: The Board will consider this matter in the next board meeting.

2. No review or approval of bank reconciliation

We noted that the bank reconciliation hasn't been reviewed or approved. We also found that there are many old dated outstanding cheques in the outstanding list and these cheques were dated back to six years ago. Without reviews or approval, errors and missing transactions in the accounting records could go undetected for many years. We recommend that bank reconciliations be reviewed and approved by the Arena Manager or by the board on a monthly basis.

Management comment: The Board will consider this matter in the next board meeting.

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,

A handwritten signature in black ink, appearing to read 'Ronald Kwok', written in a cursive style.

Ronald Kwok, CPA, CGA
Licensed Public Accountant