

FINANCIAL STATEMENTS
For
BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS
For the year ended
DECEMBER 31, 2022

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, 2022, 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, 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 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.

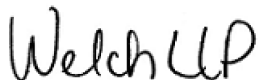
Auditor's Responsibilities for the Audit of the Financial Statements

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
June 26, 2024.


BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS


STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash	\$ 391,537	\$ 1,035,998
Accounts receivable	35,754	54,431
Due from City of Toronto - operating deficit (note 3)	281,711	-
- post-employment benefits (note 4)	103,234	104,027
- pool (note 5)	<u>569,204</u>	<u>536,773</u>
	<u>1,381,440</u>	<u>1,731,229</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	99,303	98,531
Government remittances payable	32,983	47,234
Refundable customer deposits	60,785	63,249
Due to City - Operating Surplus (note 3)	-	18,457
Due to City of Toronto - payroll and other (notes 6 and 7)	1,044,166	1,288,815
Loans payable (note 6)	6,693,686	7,174,773
Deferred revenue	42,934	112,881
Post-employment benefits payable (note 4)	<u>103,234</u>	<u>104,027</u>
	<u>8,077,091</u>	<u>8,907,967</u>
NET DEBT	<u>(6,695,651)</u>	<u>(7,176,738)</u>
NON-FINANCIAL ASSETS		
Inventories	1,965	1,965
Arena expansion (note 6)	<u>6,693,686</u>	<u>7,174,773</u>
	<u>6,695,651</u>	<u>7,176,738</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, 2022

	Budget <u>2022</u> (unaudited)	<u>2022</u>	<u>2021</u>
Revenue			
Arena ice rental	\$ 1,744,037	\$ 1,570,320	\$ 782,434
Pool (note 5)	376,276	376,133	230,488
Government funding	-	99,556	65,958
Funding revenue	-	89,117	272,110
Banquet/meeting room	79,600	88,401	25,912
Debt reserve surcharge (note 7)	99,280	73,110	34,850
Dash board rental	124,000	45,123	5,000
Snack bar and vending	89,000	32,257	-
Pro shop	<u>10,877</u>	<u>10,395</u>	<u>-</u>
	<u>2,523,070</u>	<u>2,384,412</u>	<u>1,416,752</u>
Expenses			
Salaries and wages	862,989	582,325	460,922
Utilities	479,980	377,565	191,448
Building repairs and maintenance	133,487	162,726	68,595
Employee benefits	43,013	99,546	118,221
Office expenses	195,500	49,175	70,931
Professional fees	10,000	36,557	40,964
Equipment repairs and maintenance	82,500	36,472	19,455
Supplies	-	33,052	14,306
Ice resurfacers costs	-	20,588	8,749
Food and other purchases	38,000	17,982	233
Miscellaneous	3,000	17,590	9,722
Insurance	-	5,109	-
Advertising and promotions	<u>12,660</u>	<u>1,777</u>	<u>825</u>
	<u>1,861,129</u>	<u>1,440,464</u>	<u>1,004,371</u>
Excess of revenue over expenses before items below	661,941	943,948	412,381
Debt service reserve fund contributions (note 7)	(99,280)	(73,110)	(34,850)
Vehicle and equipment reserve contributions (note 8)	(20,000)	(20,000)	(26,000)
Amortization of arena expansion (note 6)	(536,600)	(481,087)	(102,139)
Interest expense on loans payable (note 6)	<u>-</u>	<u>(669,919)</u>	<u>(54,080)</u>
Operating surplus (deficit)	<u>\$ 6,061</u>	(300,168)	195,312
Net receivable from (payable to) the City of Toronto		300,168	(195,312)
Annual surplus (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, 2022

	<u>2022</u>	<u>2021</u>
Annual surplus (deficit)	\$ -	\$ -
Amortization of arena expansion	481,087	102,139
Utilization (purchase) of inventories, net	<u>-</u>	<u>2</u>
Changes in net debt	481,087	102,141
Net debt, beginning of year	<u>(7,176,738)</u>	<u>(7,278,879)</u>
Net debt, end of year	<u>\$ (6,695,651)</u>	<u>\$ (7,176,738)</u>

(See accompanying notes)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Annual deficit	\$ -	\$ -
Adjustments for:		
Amortization of arena expansion	481,087	102,139
Loan repayment from debt reserve funds	-	(102,139)
Non-cash changes to operations:		
Accounts receivable	18,677	(26,121)
Government remittances receivable	-	11,005
Due from City of Toronto - operating surplus (deficit)	(300,168)	195,312
- post-employment benefits	793	(2,677)
- pool	(32,431)	229,896
Accounts payable and accrued liabilities	772	(31,240)
Government remittances payable	(14,251)	47,234
Refundable customer deposits	(2,464)	7,249
Due to City of Toronto - payroll and other	(244,649)	(311,891)
Deferred revenue	(69,947)	(33,720)
Post-employment benefits payable	(793)	2,677
Inventories	-	2
	<u>(163,374)</u>	<u>87,726</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Repayments of loans payable	<u>(481,087)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(644,461)	87,726
CASH, BEGINNING OF YEAR	<u>1,035,998</u>	<u>948,272</u>
CASH, END OF YEAR	<u>\$ 391,537</u>	<u>\$ 1,035,998</u>

(See accompanying notes)

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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, 2022

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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ (18,457)	\$ 176,855
Operating (surplus) deficit	300,168	(195,312)
Amortization of arena expansion	481,087	102,139
Principal loan repayments	<u>(481,087)</u>	<u>(102,139)</u>
Net expenditure receivable from the City of Toronto	<u>300,168</u>	<u>(195,312)</u>
Balance, end of year	\$ <u>281,711</u>	\$ <u>(18,457)</u>

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

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

The receivable balance at the end of 2022 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	210,258
2021 surplus	(195,312)
2022 deficit	<u>300,168</u>
	<u>\$ 281,711</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, 2022 with projections to December 31, 2022, 2023 and 2024. 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 4.7%, post-employment 4.0%, sick leave 4.1%

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

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>2022</u>	<u>2021</u>
Post-retirement benefits	\$ 108,581	\$ 149,061
Add: unamortized actuarial gain	<u>(5,347)</u>	<u>(45,034)</u>
Employee benefit liability	<u>\$ 103,234</u>	<u>\$ 104,027</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 104,027	\$ 101,350
Current service cost	-	3,188
Interest cost	3,868	2,861
Plan amendment	-	7,063
Amortization of actuarial gain	6,854	-
Expected benefits paid	<u>(11,515)</u>	<u>(10,435)</u>
Balance, end of year	<u>\$ 103,234</u>	<u>\$ 104,027</u>

A receivable of \$41,839 (2022 - \$42,632) 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 \$40,477 (2022 - \$34,238).

The most recent actuarial valuation of the OMERS 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 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 any 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, 2022

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 \$376,133 (2022 - \$230,488).

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 \$481,087 (2022 - \$102,139) and \$1,660,848 (2022 - \$1,179,761), respectively.

Loans payable is comprised of the following:

	<u>2022</u>	<u>2021</u>
Loan from Infrastructure Ontario through the City of Toronto - 4.52%, payable in blended quarterly payments of \$20,051 over 20 years	\$ 612,893	\$ 722,784
Recoverable debt loan from the City of Toronto - 4.60%, payable in blended quarterly payments of \$112,504 over 30 years	<u>6,080,793</u>	<u>6,451,989</u>
	<u>\$ 6,693,686</u>	<u>\$ 7,174,773</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 Arena made 9 payments during 2022 and cleared the outstanding balances from the forth quarter of 2020 to the forth quarter of 2022.

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

2023	\$ 230,242
2024	240,910
2025	252,122
2026	263,755
2027	276,032
Thereafter	<u>5,430,625</u>
	<u>\$ 6,693,686</u>

During the year, \$669,919 (2022 - \$54,080) of interest expense was recorded related to the loans payable, due to multiple payments to clear the balances until the end of 2022. Included in the balance due to the City of Toronto - payroll and other was \$370,893 (2022 - \$432,731) 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, 2022

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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 258,335	\$ 488,595
Levy surcharges charged	73,110	34,850
Payment to the City of Toronto for the loan	<u>-</u>	<u>(265,110)</u>
Balance, end of year	<u>\$ 331,445</u>	<u>\$ 258,335</u>

Included in the balance due to the City of Toronto - payroll and other was \$81,587 (2022 - \$151,367) 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 \$20,000 (2022 - \$26,000).

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 2022, the Arena was closed again in January in response to the quarantine measures implemented by the provincial government to stop the spread of the virus and remained open afterwards. The snack bar was reopened since August 2022.

The Arena received \$89,117 operational subsidy to support cash shortfall due to the closure.

10. ALLOCATED EXPENSES

	<u>2022</u>				<u>2021</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	\$ 84,697	\$ 31,603	\$ 10,113	\$ 126,413	\$ 128,216	\$ 47,842	\$ 15,309	\$ 191,367
Employee benefits	67,227	25,085	8,027	100,339	77,414	28,886	9,244	115,544
Building repairs and maintenance	2,438	1,156	412	4,006	1,122	419	134	1,675
Supplies	8,404	3,136	1,003	12,543	5,377	2,007	642	8,026
Food and other purchases	57	21	7	85	-	-	-	-
Advertising and promotions	1,190	444	142	1,776	-	-	-	-
Insurance	3,423	1,277	409	5,109	-	-	-	-
Professional fees	2,759	1,029	329	4,117	27,446	10,241	3,277	40,964
Office expenses	30,104	11,233	3,595	44,932	47,524	17,733	5,674	70,931
Miscellaneous	11,785	4,398	1,407	17,590	5,881	2,193	703	8,777
Interest expenses	<u>8,316</u>	<u>3,103</u>	<u>993</u>	<u>12,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 220,400</u>	<u>\$ 82,485</u>	<u>\$ 26,437</u>	<u>\$ 329,322</u>	<u>\$ 292,980</u>	<u>\$ 109,321</u>	<u>\$ 34,983</u>	<u>\$ 437,284</u>

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, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
Arena ice rental	\$ 1,570,320	\$ 782,434
Dash board rental	45,123	5,000
Debt reserve surcharge	73,110	34,850
Pro shop	10,395	-
Other	99,556	65,958
Government funding	<u>89,117</u>	<u>272,110</u>
	<u>1,887,621</u>	<u>1,160,352</u>
Expenses		
Salaries and wages	275,095	187,313
Employee benefits	(793)	2,677
Building repairs and maintenance	104,053	50,347
Equipment repairs and maintenance	32,619	19,455
Utilities	316,778	135,926
Office expenses	4,205	-
Ice resurfacers costs	20,588	8,749
Allocated expenses (note 10)	<u>220,400</u>	<u>292,980</u>
	<u>972,945</u>	<u>697,447</u>
Excess of revenue over expenses before items below	914,676	462,905
Debt service reserve fund contributions (note 7)	(73,110)	(34,850)
Vehicle and equipment reserve contributions (note 8)	(20,000)	(26,000)
Amortization of arena expansion (note 6)	(481,087)	(102,139)
Interest expense on loans payable (note 6)	<u>(657,506)</u>	<u>(54,080)</u>
Operating surplus (deficit)	<u>\$ (329,440)</u>	<u>\$ 245,836</u>

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

SUPPLEMENTAL SCHEDULE - POOL OPERATIONS

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
Pool (note 5)	\$ <u>376,133</u>	\$ <u>230,488</u>
Expenses		
Salaries and wages	128,433	64,857
Building repairs and maintenance	51,050	15,860
Equipment repairs and maintenance	3,463	-
Supplies	20,509	6,280
Utilities	60,787	45,112
Allocated expenses (note 10)	<u>82,485</u>	<u>109,321</u>
	<u>346,727</u>	<u>241,430</u>
Operating surplus (deficit)	\$ <u>29,406</u>	\$ <u>(10,942)</u>

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS
SUPPLEMENTAL SCHEDULE - BANQUET/MEETING ROOM OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
Banquet/meeting room	\$ <u>88,401</u>	\$ <u>25,912</u>
Expenses		
Salaries and wages	43,101	17,385
Building repairs and maintenance	2,925	713
Equipment repairs and maintenance	390	-
Food and other purchases	131	233
Utilities	-	10,410
Office expenses	38	2,646
Allocated expenses (note 10)	<u>26,437</u>	<u>34,983</u>
	<u>73,022</u>	<u>66,370</u>
Operating surplus (deficit)	\$ <u>15,379</u>	\$ <u>(40,458)</u>

BOARD OF MANAGEMENT OF LEASIDE MEMORIAL COMMUNITY GARDENS

SUPPLEMENTAL SCHEDULE - SNACK BAR OPERATIONS

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
Snack bar sales	\$ <u>32,257</u>	\$ <u>-</u>
Expenses		
Wages	9,283	-
Food and other purchases	<u>17,766</u>	<u>-</u>
	<u>27,049</u>	<u>-</u>
Operating surplus (deficit)	\$ <u>5,208</u>	\$ <u>-</u>

June 26, 2024

Board of Management of Leaside Memorial Community Gardens
1073 Millwood Road
Toronto, Ontario
M4G 1X6

PRIVATE AND CONFIDENTIAL

Attention: Jennifer Smith, Director of Business and Finance

Dear Madam:

Re: Audit of the December 31, 2022 Financial Statements

During the course of our audit of the financial statements for the year ended December 31, 2022, we identified some matters which may be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have outlined matters below along with some suggestions for your consideration.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff. We have discussed the matters in this report with management and received comments thereon.

OTHER REPORTABLE MATTERS

Issue #1 - Reconciliations of the due balances with the City's book

During our FY 2022 audit work, we noted discrepancies between the receivable/payable balances in Arena's accounts against those provided by the City of Toronto confirmation (the City's records). Although Leaside has internal controls and reconciliation processes in place, the discrepancies were not caught in a timely manner during the year and were left to resolve at year end. There was no discovery of the differences, investigation or reconciliations of these items, or communications with the City to resolve the issues.

We recommend more frequent monitoring, reconciliation, and communications of any discrepancies moving forward to mitigate the risk that the City receivables / payables balances are not accurate and up-to-date.

Management's Comments

Commencing June 2022, current management inherited a significant portfolio of discrepancies between its books and the City's dating back more than 10 years. Management worked to resolve these issues with numerous departments at the City, resulting in a significant reconciliation in fall of 2022, balancing the books and which in turn enabled the 2019, 2020, 2021 and 2022 audits to commence. Management is confident that the necessary processes are in place to ensure continuity between LMCG's and the City's books in the future

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from management and their staff.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

Welch LLP



Christa Casey, CPA, CA
Partner