



Financial statements

Committee of Management of  
McCormick Playground Arena

December 31, 2024

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## Management's responsibility for the financial statements

The financial statements of the Committee of Management of McCormick Playground 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 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 Doane Grant Thornton 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.

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*Paul Romain*

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Chair

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*CW*

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Treasurer



# Independent auditor's report

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To the Council of the Corporation of the City of Toronto  
and the Committee of Management of  
**McCormick Playground Arena**

## Opinion

We have audited the financial statements of McCormick Playground Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2024, 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 McCormick Playground Arena as at December 31, 2024, and its results of operations, its changes in its net debt, 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 audit opinion.

## Responsibilities of 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 a 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.

*Doane Grant Thornton LLP*

Toronto, Canada  
April 30, 2025

Chartered Professional Accountants  
Licensed Public Accountants

# Committee of Management of McCormick Playground Arena

## Statement of financial position

December 31

2024

2023

**Financial assets**

Cash and cash equivalents (Note 5)	\$ 301,334	\$ 313,028
Accounts receivable	20,306	9,802
Due from City of Toronto - operating deficit (Note 8)	32,245	30,267
	<u>353,885</u>	<u>353,097</u>

**Liabilities**

Accounts payable and accrued liabilities (Note 7)	131,188	119,110
Deferred revenue	9,050	5,865
Due to City of Toronto - working capital advance	10,000	10,000
- loan payable (Note 9)	203,177	217,816
- loan interest (Note 9)	1,117	1,198
	<u>354,532</u>	<u>353,989</u>

**Net debt**(647) (892)**Non-financial assets**

Inventories	2,065	2,310
Tangible capital assets (Note 6)	150,996	171,084
	<u>153,061</u>	<u>173,394</u>

**Accumulated surplus**

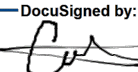
\$ 152,414 \$ 172,502

Approved by the Board:

Paul Romain

Chair

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Treasurer

See accompanying notes to the financial statements.

## Committee of Management of McCormick Playground Arena

### Statement of operations

Year ended December 31

	2024 <u>Budget</u> (Note 12)	2024 <u>Total</u>	2023 <u>Total</u>
<b>Revenue</b>			
Ice rentals	\$ 900,000	\$ 921,248	\$ 859,150
Other	4,000	12,840	10,134
Snack bar and vending			
machine operations (Schedule A)	9,000	6,933	4,703
Pro shop operations (Schedule A)	5,011	1,471	1,630
Funding from City of Toronto (Note 8)	-	5,307	-
	<u>918,011</u>	<u>947,799</u>	<u>875,617</u>
<b>Expenses</b>			
Salaries and wages	431,755	478,620	449,971
Utilities	238,205	202,684	180,523
Employee benefits	119,320	123,535	115,699
Maintenance and repairs	47,196	53,070	95,626
General administration	27,192	25,729	23,887
Professional fees	19,650	21,225	22,475
Amortization	20,088	20,088	20,088
Insurance	10,000	14,914	10,673
	<u>913,406</u>	<u>939,865</u>	<u>918,942</u>
Excess (deficiency) of revenue over expenses	4,605	7,934	(43,325)
Vehicle and equipment reserve contribution (Note 11)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(13,000)</u>
Operating deficit	<u>\$ (25,395)</u>	<u>(22,066)</u>	<u>(56,325)</u>
Net deficit receivable from City of Toronto (Note 8)		<u>1,978</u>	<u>36,237</u>
Annual deficit		(20,088)	(20,088)
Accumulated surplus, beginning of year		<u>172,502</u>	<u>192,590</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 152,414</u>	<u>\$ 172,502</u>

See accompanying notes to the financial statements.

## Committee of Management of McCormick Playground Arena

### Statement of change in net debt

Year ended December 31

	<u>Budget</u> (Note 12)	<u>2024</u>	<u>2023</u>
Annual deficit	\$ (25,395)	\$ <b>(20,088)</b>	\$ (20,088)
Utilization of inventories, net	-	<b>245</b>	532
Amortization of tangible capital assets	<u>20,088</u>	<u><b>20,088</b></u>	<u>20,088</u>
Change in net debt	(5,307)	<b>245</b>	532
Net debt, beginning of year	<u>(892)</u>	<u><b>(892)</b></u>	<u>(1,424)</u>
<b>Net debt, end of year</b>	<u>\$ (6,199)</u>	<u><b>\$ (647)</b></u>	<u>\$ (892)</u>

See accompanying notes to the financial statements.

## Committee of Management of McCormick Playground Arena

### Statement of cash flows

Year ended December 31, 2024 2023

Cash flows from (used in)

#### Operating activities

Annual deficit \$ (20,088) \$ (20,088)

Adjustments for:

Amortization 20,088 20,088

- -

Non-cash changes to operations:

Accounts receivable (10,504) (8,074)

Due from City of Toronto – operating deficit (1,978) (30,267)

Accounts payable and accrued liabilities 12,078 40,456

Due to City of Toronto – operating surplus - (16,848)

Deferred revenue 3,185 5,865

Due to the City of Toronto – loan interest (81) (211)

Inventories 245 532

2,945 (8,547)

#### Financing activities

Due to the City of Toronto – loan payments (14,639) (38,433)

Decrease in cash balance (11,694) (46,980)

Cash, beginning of year 313,028 360,008

**Cash, end of year** **\$ 301,334** **\$ 313,028**

See accompanying notes to the financial statements.

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## **Committee of Management of McCormick Playground Arena**

### **Notes to the financial statements**

December 31, 2024

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#### **1. Nature of operations**

The Committee of Management of McCormick Playground 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. 319-71, 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 expenses resulting from or incidental to the management and control of the premises.

The Committee of Management retains a working capital advance 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.

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#### **2. Summary of 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") of the Chartered Professional Accountants of Canada.

##### **Revenue recognition**

Revenues, including ice rentals, other, snack bar and vending, and funding from the City of Toronto, are recorded 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 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 and cash equivalents and accounts receivable 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.

##### **Cash and cash equivalents**

Cash and short-term investments include cash on hand, cash on deposit with financial institutions, demand deposits and short-term investments with maturities of less than three months at acquisition.

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**Committee of Management of McCormick Playground Arena**  
**Notes to the financial statements**  
December 31, 2024

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**2. Summary of significant accounting policies (continued)**

**Inventories**

Inventories held for resale are initially recorded at cost and subsequently measured at the lower of cost and net realizable value. The cost 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:

Leasehold improvements	15 years
Furniture and equipment	5 years

**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**

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 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 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 collectability of accounts receivable balances, useful life of its tangible assets, 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.

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## Committee of Management of McCormick Playground Arena

### Notes to the financial statements

December 31, 2024

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#### 3. Change in accounting policy

Effective January 1, 2024, the Arena adopted PS3400 *Revenues* retroactively with no restatement required.

PS 3400 *Revenues* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

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#### 4. 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 and accounts receivable. The Arena's cash is with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Management believes that the Arena's credit risk with respect to accounts receivable is limited. The organization manages its credit risk by reviewing accounts 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's cash earns interest at prevailing market rates and the interest rate exposure related to this financial instrument is negligible.

##### 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, accrued liabilities and amounts due to the City of Toronto.

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.

## Committee of Management of McCormick Playground Arena

### Notes to the financial statements

December 31, 2024

#### 4. Financial instruments (continued)

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable and accrued liabilities	\$ 131,188	\$ -	\$ -	\$ -	\$ 131,188
Due to City of Toronto					
Working capital advance	-	-	-	10,000	10,000
Loan payable	14,964	15,296	47,953	124,964	203,177
Loan interest	1,117	-	-	-	1,117
	<u>\$ 147,269</u>	<u>\$ 15,296</u>	<u>\$ 47,953</u>	<u>\$ 134,964</u>	<u>\$ 345,482</u>

#### Changes in risk

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

#### 5. Cash and cash equivalents

	<u>2024</u>	<u>2023</u>
Cash	\$ 82,124	\$ 103,859
GICs maturing February 28, 2025, bearing interest at 4.50% per annum.	219,210	-
GIC maturing February 28, 2024, bearing interest at 4.25% per annum.	-	103,563
GIC maturing February 28, 2024, bearing interest at 4.25% per annum.	-	105,606
	<u>\$ 301,334</u>	<u>\$ 313,028</u>

#### 6. Tangible capital assets

			<u>2024</u>	<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 177,842	\$ 47,425	\$ 130,417	\$ 142,274
Furniture and equipment	92,516	71,937	20,579	28,810
	<u>\$ 270,358</u>	<u>\$ 119,362</u>	<u>\$ 150,996</u>	<u>\$ 171,084</u>

## Committee of Management of McCormick Playground Arena

### Notes to the financial statements

December 31, 2024

#### 7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$25,733 (2023 - \$Nil) of government remittances payable for sales taxes yet to be remitted and \$38,901 (2023 - \$81,281) of related party payables due to the City of Toronto.

#### 8. Operating surplus (deficit) due to (from) the City of Toronto

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

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	<u>\$ 30,267</u>	<u>\$ (16,848)</u>
Current year's operating surplus	<u>22,066</u>	56,325
Current year's amortization	<u>(20,088)</u>	<u>(20,088)</u>
	<u>1,978</u>	36,237
Paid during the current year	<u>-</u>	<u>10,878</u>
Balance, end of year	<u>\$ 32,245</u>	<u>\$ 30,267</u>

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

	<u>2024</u>	<u>2023</u>
2022 surplus	<u>\$ (5,970)</u>	\$ (5,970)
2023 deficit	<u>36,237</u>	36,237
2024 deficit	<u>1,978</u>	<u>-</u>
	<u>\$ 32,245</u>	<u>\$ 30,267</u>

The Arena received \$5,307 (2023 - \$Nil) from the City of Toronto as funding to support operations.

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**Committee of Management of McCormick Playground Arena**  
**Notes to the financial statements**  
December 31, 2024

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**9. Due to City of Toronto - loan payable**

In October 2020, the Arena obtained a loan from the City of Toronto for the implementation of energy efficient projects. The maximum loan amount was \$600,601 and as at December 31, 2021, \$271,715 was disbursed. The loan bears interest at 2.20% and interest began to accrue on October 1, 2021. The loan is repayable commencing on January 1, 2022, over quarterly instalments for a period of 15 years.

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

2025	\$ 14,964
2026	15,296
2027	15,635
2028	15,982
2029	16,336
Thereafter	<u>124,964</u>
	<u>\$ 203,177</u>

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**10. Pension agreements**

The Arena makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan on behalf of most of its eligible 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 \$40,205 in 2024 (2023 - \$37,643).

The most recent actuarial valuation of the Plan as at December 31, 2024 indicates the Plan is in a deficit position and the Plan's December 31, 2024 financial statements indicate a net deficit of \$4,319 million (a deficit of \$2,913 million plus adjustment of \$1,406 million of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan's 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.

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**11. Vehicle and equipment replacement reserve**

The reserve represents contributions made to the City of Toronto for the financing of replacement ice resurfacer machines in future years. The contribution for the year was \$30,000 (2023 - \$13,000).

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**Committee of Management of McCormick Playground Arena**  
**Notes to the financial statements**  
December 31, 2024

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**12. Budget**

The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the Statement of Operations and Statement of Change in Net Financial Assets represent the budget adopted by the Arena with the following adjustments:

Budgeted annual operating deficit	\$ (5,307)
Less:	
Amortization of tangible capital assets	<u>(20,088)</u>
Budgeted annual operating deficit per Statement of Operations	<u>\$ (25,395)</u>

**Committee of Management of McCormick Playground Arena**

Year ended December 31, 2024

**Snack bar and vending machine operations**

	<u>Budget</u>	<u>2024 Total</u>	<u>2023 Total</u>
<b>Sales</b>			
Vending machine	\$ 15,000	\$ 9,438	\$ 7,402
<b>Cost of goods sold</b>	<u>6,000</u>	<u>2,505</u>	<u>2,699</u>
<b>Gross profit</b>	<u>\$ 9,000</u>	<u>\$ 6,933</u>	<u>\$ 4,703</u>

**Pro shop operations**

	<u>Budget</u>	<u>2024 Total</u>	<u>2023 Total</u>
<b>Sales</b>	\$ 7,000	\$ 1,885	\$ 2,163
<b>Cost of goods sold</b>	<u>1,989</u>	<u>414</u>	<u>533</u>
<b>Gross profit</b>	<u>\$ 5,011</u>	<u>\$ 1,471</u>	<u>\$ 1,630</u>

April 30, 2025

The Committee of Management of  
McCormick Playground Arena  
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Toronto, ON  
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In connection with our audit of the financial statements of McCormick Playground Arena (the "Arena") as of December 31, 2024, and for the year then ended, we considered internal control over financial reporting ("internal control") as a basis for designing appropriate audit procedures. The purpose of our audit was to express an opinion on the financial statements, not to identify internal control matters. Therefore, we express no opinion on the effectiveness of internal control, and it would be inappropriate to conclude that no internal control matters, including significant control deficiencies, exist beyond those included in this communication.

A deficiency in internal control exists where the design, implementation, operation or absence of a control means that internal controls are unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis. The Canadian Auditing Standards require that, where we identify internal control deficiencies during an audit, we assess their importance and severity and communicate them to management and those charged with governance, as appropriate. Deficiencies that are of sufficient importance to merit the attention of those charged with governance are described as "significant deficiencies".

## Significant control deficiencies

### Lack of segregation duties

In common with other organizations with a small accounting team, we noted an issue surrounding segregation of duties.

#### re: Accounting System

It was noted that the Arena Manager has the ability to post and approve journal entries in Sage and is also part of the financial reporting process.

#### re: Revenues and Expenditures

It was noted that cash is kept overnight in the safe and isn't deposited daily. The Arena manager deposits the cash while also is responsible for recording the revenues in the system. In addition, the Arena Manager prepares the electronic fund transfers and can authorize payments without approval from the Board for payment to vendors. This creates a segregation of duties risk of misappropriation of assets.

#### re: Payroll Function

It was noted that the Arena Manager operates the entire payroll function, including the payment to the Arena's employees, in addition to being a part of the financial reporting process.

Management has a mitigating control in place whereby members of the Committee of Management perform a regular review of the financial package.

Management believes that the current controls in place are sufficient given the size and complexity of the entity.

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## Other deficiencies

### Lack of employment contracts

It was noted that the Arena does not provide employee contracts or agreements to its employees, nor does it document annual salary increases. It is best practice to document, retain and provide such information to employees.

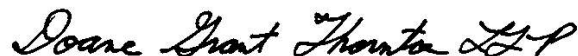
## Conclusion

The matters reported in this communication are limited to those deficiencies we identified during the audit that we considered to be of sufficient importance to communicate to management and, in the case of significant deficiencies, those charged with governance. Had we performed more extensive procedures on internal control, including procedures subsequent to April 7, 2025, we might have identified more deficiencies or reached different conclusions about the deficiencies included in this communication.

This communication is intended solely for the information and use of management, those charged with governance, and others within the Arena and is not intended to be and should not be used by anyone other than these specified parties.

Yours sincerely,

Doane Grant Thornton LLP

A handwritten signature in black ink that reads "Doane Grant Thornton LLP". The script is cursive and fluid, with the letters connected in a continuous line.

Melanie Dugard, CPA, CA  
Principal