Attachment 3

Doane Grant Thornton

Financial statements

Board of Management of Leaside Memorial Community Gardens

December 31, 2023

Contents

Management's responsibility for the financial statements

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

Leaside'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 Leaside'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 Leaside's financial statements.

_______________ Chairperson

_______________ Treasurer

Doane Grant Thornton

Independent auditor's report

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To the Council of the Corporation of the City of Toronto and the Board of Management of Leaside Memorial Community Gardens

Opinion

We have audited the financial statements of Leaside Memorial Community Gardens (the "Arena"), which comprise the statement of financial position as at December 31, 2023, and the statement 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 Leaside Memorial Community Gardens as at December 31, 2023, 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.

Other Matter

The financial statements of the Arena for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those financial statements on June 26, 2024.

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
February 26, 2025

Chartered Professional Accountants
Licensed Public Accountants

Board of Management of Leaside Memorial Community Gardens
Statement of financial position
December 31

		2023	2022
Financial assets			
Cash		$ 425,472	$ 391,537
Accounts receivable		104,555	35,754
Due from City of Toronto	- operating deficit (Note 4)	-	281,711
	- post-employment benefits (Note 5)	99,057	103,234
	- pool (Note 6)	14,137	569,204
		643,221	1,381,440
Financial liabilities			
Accounts payable and accrued liabilities		143,497	99,303
Government remittances payable		18,800	32,983
Refundable customer deposits		62,163	60,785
Due to City of Toronto	- operating surplus (Note 4)	30,225	-
	- payroll and other (Note 7 and 8)	271,309	1,044,156
Loan payable (Note 7)		6,465,409	6,693,686
Deferred revenue		34,911	42,934
Post-employment benefits payable (Note 5)		99,057	103,234
		7,125,371	8,077,091
Net debt		(6,482,150)	(6,695,651)
Non-financial assets			
Prepaid expenses		13,328	-
Inventories		3,413	1,965
Arena expansion (Note 7)		6,465,409	6,693,686
		6,482,150	6,695,651
Accumulated surplus		$ -	$ -

Approved by the Board

_______________ Chair

_______________ Member

See accompanying notes to the financial statements

Board of Management of Leaside Memorial Community Gardens
Statement of operations
Year ended December 31

	Budget 2023	2023	2022
Revenue			
Arena ice rental	$ 1,801,664	$ **1,744,433**	$ 1,570,320
Pool (Note 6)	415,455	**413,242**	376,133
Banquet/meeting room	78,600	**122,786**	88,401
Other income	97,000	**87,707**	99,556
Snack bar and vending	61,500	**79,581**	32,257
Debt reserve surcharge (Note 8)	98,600	**77,008**	73,110
Dash board rental	40,000	**42,686**	45,123
Pro Shop	11,904	**12,025**	10,395
Operating subsidies	-	**-**	89,117
	2,604,723	**2,579,468**	2,384,412
Expenses			
Salaries and wages	788,160	**720,916**	582,325
Employee benefits	203,195	**105,184**	99,546
Utilities	506,426	**393,930**	377,565
Building repairs and maintenance	156,535	**265,377**	162,726
Professional fees	-	**68,080**	36,557
Equipment repairs and maintenance	95,794	**54,476**	36,472
Supplies	-	**39,065**	33,052
Food and other purchases	29,500	**35,747**	17,982
Office expenses	132,086	**35,479**	49,175
Miscellaneous	18,000	**20,599**	17,590
Ice resurfacer costs	-	**17,400**	20,588
Insurance	-	**11,554**	5,109
Advertising and promotions	6,000	**3,294**	1,777
	1,935,696	**1,771,101**	1,440,464
Excess of revenue over expenses before items below	669,027	**808,367**	943,948
Debt service reserve fund contributions (Note 8)	(98,600)	**(77,008)**	(73,110)
Vehicle and equipment reserve contributions (Note 9)	(20,000)	**(20,004)**	(20,000)
Amortization of arena expansion (Note 7)	(536,600)	**(228,277)**	(481,087)
Interest expense on loans payable (Note 7)	-	**(304,452)**	(669,919)
Operating surplus (deficit)	$ 13,827	**178,626**	(300,168)
Net (payable to) receivable from the City of Toronto		**(178,626)**	300,168
Annual surplus		**-**	-
Accumulated surplus		$ **-**	$ -

See accompanying notes to the financial statements.

Board of Management of Leaside Memorial Community Gardens
Statement of changes in net debt
December 31

	Budget 2023	2023	2022
Annual surplus	$ 13,827	$ -	$ -
Amortization of arena expansion	536,600	**228,277**	481,087
Purchase of prepaid expenses	-	**(13,328)**	-
Purchase of inventories, net	-	**(1,448)**	-
Changes in net debt	550,427	**213,501**	481,087
Net debt, beginning of year	(6,695,651)	**(6,695,651)**	(7,176,738)
Net debt, end of year	$ (6,145,224)	**$ (6,482,150)**	$ (6,695,651)

See accompanying notes to the financial statements.

Board of Management of Leaside Memorial Community Gardens
Statement of cash flows

Year ended December 31

		2023		2022
Increase (decrease in cash)				
Operating				
Annual surplus	$	-	$	-
Items not affecting cash				
Amortization of arena expansion		228,277		481,087
Change in non-cash working capital items				
Accounts receivable		(68,801)		18,677
Prepaid expenses		(13,328)		-
Due from City of Toronto - operating deficit		281,711		(300,168)
- post-employment benefits		4,177		793
- pool		555,067		(32,431)
Accounts payable and accrued liabilities		44,194		772
Government remittances payable		(14,183)		(14,251)
Refundable customer deposits		1,378		(2,464)
Due to City of Toronto - operating surplus		30,225		-
- payroll and other		(772,857)		(244,649)
Deferred revenue		(8,023)		(69,947)
Post-employment benefits payable		(4,177)		(793)
Inventories		(1,448)		-
		262,212		(163,374)
Financing				
Repayment of loans payable		(228,277)		(481,087)
Increase (decrease) in cash		33,935		(644,461)
Cash, beginning of year		391,537		1,035,998
Cash, end of year	$	425,472	$	391,537

See accompanying notes to the financial statements.

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 (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") of the Chartered Professional Accountants of Canada.

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, government remittances payable, due to the City of Toronto and loan 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.

2. Significant accounting policies (continued)

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 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 of Toronto 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.

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 employees. Due to the nature of this plan, the Arena does not have sufficient information to account for it 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 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 receivable 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 accordance 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 revenue and expenses during the reporting period. Management makes accounting estimates when determining useful life of its tangible capital assets, assessing the allowance of doubtful accounts, significant accrued liabilities and the post-employment benefits liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

3. Change in accounting policy

Effective January 1, 2023, the Arena adopted new Public Sector Accounting Standards Sections PS3450 Financial Instruments and PS1201 Financial Statement Presentation along with related amendments. New Section PS3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, liabilities, or both on a fair value basis.

The measurement requirements were applied prospectively. There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a statement of remeasurement gains or losses.

4. Due (to) from City of Toronto – operating deficit

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

	2023	2022
Balance, beginning of year	$ 281,711	$ (18,457)
Operating (surplus) deficit	(178,626)	300,168
Amortization of arena expansion	228,277	481,087
Principal loan repayments	(228,277)	(481,087)
Settlement of Due to City of Toronto balances from 2004 to 2018	(133,310)	-
Net expenditure (payable) receivable from the City of Toronto	(311,936)	300,168
Balance, end of year	$ (30,225)	$ 281,711

The payable balance at the end of 2023 is comprised of the following:

2019 surplus	$ (166,713)
2020 deficit	210,258
2021 surplus	(195,312)
2022 deficit	300,168
2023 surplus	(178,626)
	$ (30,225)

4. Due (to) from City of Toronto – operating deficit (continued)

The loan agreement between the Arena and the City of Toronto as described in Note 6, requires that any annual operating deficits be added to the principal balance of the City of Toronto loan to the Arena and that a revised loan amortization schedule be prepared.

5. Post-employment benefits payable and amount receivable

The Arena participates in a number of defined benefit plans provided by the City of Toronto including pension, other retirement and post-employment benefits to its eligible employees. Under the sick leave plan for administrative staff, unused sick leave accumulates and eligible employees may be entitled to cash payment with 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.

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, 2024. Assumptions used to project the accrued benefit obligation 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 4.1%, sick leave 4.2%

Information about the Arena's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	2023	2022
Post-retirement benefits	**$ 106,591**	$ 108,581
Add: unamortized actual gain	**(7,534)**	(5,347)
Employee benefit liability	**$ 99,057**	$ 103,234

5. Post-employment benefits payable and amount receivable (continued)

The continuity of the accrued benefit obligation is as follows:

		2023		2022
Balance, beginning of year	$	103,234	$	104,027
Current service cost		-		-
Interest cost		4,785		3,868
Amortization of actuarial gain		4,588		6,854
Expected benefits paid		(13,550)		(11,515)
Balance, end of year	$	99,057	$	103,234

A payable of $99,057 (2022 – $103,234) 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 of Toronto as benefit costs are paid and the City of Toronto continues to be responsible for the benefit liabilities of administrative 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 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 $53,904 (2022 - $40,477).

The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan is in a deficit position and the Plan's December 31, 2023 financial statements indicate a net deficit of $7,571 million (a deficit of $4,202 million plus adjustment of $3,369 million that will be 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. 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. 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 deficit as authorized by the Board of Management and approved by the City. In the year, the annual rental fee was $413,242 (2022 - $376,133).

7. Arena expansion and 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 the amount equal to the total loans payable.

Tangible capital assets consist of the following:

			2023	2022
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Arena expansion	$ 8,354,534	$ 1,889,125	**$ 6,465,409**	$ 6,693,686

Loans payable is comprised of the following:

	2023	2022
Loan from Infrastructure Ontario through the City of Toronto – 4.52%, payable in blended quarterly payments of $20,051 over 20 years	**$ 559,497**	$ 612,893
Recoverable debt loan from the City of Toronto – 4.60%, payable in blended quarterly payments of $113,331 over 30 years	**5,905,912**	6,080,793
	$ 6,465,409	$ 6,693,686

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

2024	$ 240,816
2025	252,024
2026	263,755
2027	276,032
2028	288,881
Thereafter	5,143,901
	$ 6,465,409

During the year, $304,452 (2022 - $669,919) of interest expense was recorded related to the loans payable. Included in the balance due to the City of Toronto – payroll and other was $25,213 (2022 - $370,893) of accrued interest related to the loans payable.

8. 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 of Toronto 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 receivable of $533,528. The Arena began charging this levy surcharge in October 2013. The debt service reserve fund consists of the following:

	2023	2022
Balance, beginning of year	$ 331,445	$ 258,335
Levy surcharges charged	77,008	73,110
2019 surplus	166,713	-
Balance, end of year	$ 575,166	$ 331,445

Included in the balance due to the City of Toronto – payroll and other was $77,008 (2022 - $81,587) of levy surcharges payable.

The agreement between the Arena and the City of Toronto 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.

9. 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 $20,004 (2022 - $20,000).

10. Allocated expenses

	Arena	Pool	Banquet/ Meeting Room	2023 Total
Salaries and wages	$ 123,060	$ 45,918	$ 14,694	$ 183,672
Employee benefits	73,272	27,340	8,749	109,361
Building repairs and maintenance	1,443	539	172	2,154
Supplies	18,195	6,789	2,173	27,157
Advertising and promotions	581	217	69	867
Insurance	7,741	2,889	924	11,554
Professional fees	45,614	17,020	5,446	68,080
Office expenses	12,086	4,510	1,443	18,039
Miscellaneous	13,801	5,150	1,648	20,599
	$ 295,793	$ 110,372	$ 35,318	$ 441,483

	Arena	Pool	Banquet/ Meeting Room	2022 Total
Salaries and wages	$ 84,697	$ 31,603	$ 110,113	$ 126,413
Employee benefits	67,227	25,085	8,027	100,339
Building repairs and maintenance	2,438	1,156	412	4,006
Supplies	8,404	3,136	1,003	12,543
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
Office expenses	30,104	11,233	3,595	44,932
Miscellaneous	11,785	4,398	1,407	17,590
Interest expenses	8,316	3,103	993	12,412
	$ 220,400	$ 82,485	$ 26,437	$ 329,322

11. Financial instruments

Transactions involving 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 amounts due to the City of Toronto. The Arena manages liquidity risk by monitoring its cash flow requirements on a regular basis. Management believes its overall liquidity risk to be minimal as the Arena's financial assets are considered to be highly liquid.

11. Financial instruments (continued)

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 risk and other price risk.

Currency risk

Currency risk is the risk that the fair value of financial 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 denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Arena's loans payable bear interest at fixed rates. As a result, management does not believe it is exposed to significant interest rate risk.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market prices (other than those arising from currency risk or interest rate risk), whether these changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management does not believe the Arena is exposed to significant other price risks.

Changes in risk

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

12. Comparative amounts

Comparative figures have been reclassified to conform with the presentation of the 2023 financial statements.

Schedule A

Board of Management of Leaside Memorial Community Gardens
Supplemental Schedule – Arena Operations
December 31, 2023

	2023	2022
Revenue		
Arena ice rental	$ 1,744,433	$ 1,570,320
Dash board rental	42,686	45,123
Debt reserve surcharge	77,008	73,110
Pro shop	12,025	10,395
Other income	87,707	99,556
Operating subsidies	-	89,117
	1,963,859	1,887,621
Expenses		
Salaries and wages	290,952	275,095
Employee benefits (recovery)	(4,177)	(793)
Building repairs and maintenance	186,589	104,053
Equipment repairs and maintenance	23,744	32,619
Utilities	309,972	316,778
Office expenses	17,440	4,205
Ice resurfacer costs	17,400	20,588
Allocated expenses (Note 10)	295,793	220,400
	1,137,713	972,945
Excess of revenue over expenses before items below	826,146	914,676
Debt service reserve fund contributions (Note 8)	(77,008)	(73,110)
Vehicle and equipment reserve contributions (Note 9)	(20,004)	(20,000)
Amortization of arena expansion (Note 7)	(228,277)	(481,087)
Interest expense on loans payable (Note 7)	(304,452)	(657,506)
Operating surplus (deficit)	$ 196,405	$ (317,027)

Schedule B

Board of Management of Leaside Memorial Community Gardens

Supplemental Schedule – Pool Operations

December 31, 2023

	2023	2022
Revenue		
Pool (Note 6)	$ 413,242	$ 376,133
Expenses		
Salaries and wages	130,564	128,433
Building repairs and maintenance	68,595	51,050
Equipment repairs and maintenance	17,915	3,463
Supplies	11,908	20,509
Utilities	83,958	60,787
Allocated expenses (Note 10)	110,372	82,485
	423,312	346,727
Operating (deficit) surplus	$ (10,070)	$ 29,406

Schedule C

Board of Management of Leaside Memorial Community Gardens

Supplemental Schedule – Banquet/Meeting Room Operations

December 31, 2023

	2023	2022
Revenue		
Banquet/meeting room	$ 122,786	$ 88,401
Expenses		
Salaries and wages	72,738	43,101
Building and repairs and maintenance	8,039	2,925
Equipment repairs and maintenance	12,817	390
Advertising and promotion	2,427	-
Food and other purchases	400	131
Office expenses	-	38
Allocated expenses (Note 10)	35,318	26,437
	131,739	73,022
Operating (deficit) surplus	$ (8,953)	$ 15,379

Schedule D

Board of Management of Leaside Memorial Community Gardens

Supplemental Schedule – Snack bar operations

December 31, 2023

	2023	2022
Revenue		
Snack bar sales	$ 79,581	$ 32,257
Expenses		
Salaries and wages	42,990	9,283
Food and other purchases	35,347	17,766
	78,337	27,049
Operating surplus	$ 1,244	$ 5,208

Doane Grant Thornton

February 5, 2025

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Finance Committee and Board of Management of
Leaside Memorial Community Gardens Arena
1073 Millwood Rd
Toronto, ON M4G 1X6

In connection with our audit of the financial statements of Leaside Memorial Community Gardens Arena (the "Arena") as of December 31, 2023 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. It was noted that the Director, Business & Finance has the ability to post and approve journal entries in QuickBooks and is also part of the financial reporting process.

While the Director, Business & Finance does not prepare or post journal entries, access created the segregation of duties risk.

Management has a mitigating control in place whereby members of the Finance Committee and Board of Management perform a monthly review of the financial package which includes the journal entries.

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

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 February 5, 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

Doane Grant Thornton LLP

Melanie Dugard, CPA, CA
Principal