
SUNDRIDGE-STRONG-JOLY ARENA & HALL

FINANCIAL STATEMENTS

DECEMBER 31, 2020

SUNDRIDGE-STRONG-JOLY ARENA & HALL

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Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of the Contributing Municipalities of the Sundridge-Strong-Joly Arena & Hall

Opinion

We have audited the financial statements of the Sundridge-Strong-Joly Arena & Hall ("the Arena"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, change in net financial assets 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 Sundridge-Strong-Joly Arena & Hall as at December 31, 2020, and its results of operations, its changes in its net financial assets, 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 other 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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

North Bay, Canada
September 28, 2021

Chartered Professional Accountants
Licensed Public Accountants

SUNDRIDGE-STRONG-JOLY ARENA & HALL
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 84,268	\$ 43,561
Accounts receivable	17,792	28,982
	102,060	72,543
LIABILITIES		
Accounts payable and accrued liabilities	55,975	44,624
Employee benefits payable (Note 2)	14,134	13,017
	70,109	57,641
NET FINANCIAL ASSETS	31,951	14,902
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 3)	498,267	518,493
Inventories of supplies	2,125	2,125
	500,392	520,618
ACCUMULATED SURPLUS (Note 4)	\$ 532,343	\$ 535,520

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

SUNDRIDGE-STRONG-JOLY ARENA & HALL
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020 <i>(see Note 5)</i>	Actual 2020	Actual 2019
REVENUE			
User fees	\$ 28,725	\$ 37,404	\$ 51,574
Municipal contributions - Township of Strong	132,970	132,970	113,018
Municipal contributions - Village of Sundridge	106,376	106,376	90,414
Municipal contributions - Township of Joly	26,594	26,594	22,603
Government Transfers	5,620	-	5,219
Other revenue	96,010	83,980	102,654
TOTAL REVENUE	396,295	387,324	385,482
EXPENSES			
Salaries and wages	178,435	180,523	203,396
Materials and supplies	157,700	133,330	147,224
Contracted services	22,550	26,063	20,426
Rents and financial expenses	500	2,704	2,638
External transfers	250	50	55
Amortization	47,800	47,831	50,745
TOTAL EXPENSES	407,235	390,501	424,484
ANNUAL DEFICIT <i>(Note 4)</i>	(10,940)	(3,177)	(39,002)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	535,520	535,520	574,522
ACCUMULATED SURPLUS, END OF YEAR	\$ 524,580	\$ 532,343	\$ 535,520

The accompanying notes are an integral part of these financial statements

SUNDRIDGE-STRONG-JOLY ARENA & HALL
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020 <i>(see Note 5)</i>	Actual 2020	Actual 2019
Annual deficit	\$ (10,940)	\$ (3,177)	\$ (39,002)
Acquisition of tangible capital assets	(37,000)	(29,112)	(59,230)
Amortization of tangible capital assets	47,800	47,831	50,745
Loss on disposal of tangible capital assets	-	888	817
Proceeds from disposal of tangible capital assets	-	619	1,500
Change in supplies inventories	-	-	6,558
Increase (decrease) in net financial assets	(140)	17,049	(38,612)
Net financial assets, beginning of year	14,902	14,902	53,514
Net financial assets, end of year	\$ 14,762	\$ 31,951	\$ 14,902

The accompanying notes are an integral part of these financial statements

SUNDRIDGE-STRONG-JOLY ARENA & HALL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Operating transactions		
Annual deficit	\$ (3,177)	\$ (39,002)
Non-cash charges to operations:		
Amortization	47,831	50,745
Loss on disposal of tangible capital assets	888	817
Change in employee benefits payable	1,117	(863)
	46,659	11,697
Changes in non-cash items:		
Accounts receivable	11,190	(2,730)
Accounts payable and accrued liabilities	11,351	(19,775)
Inventories of supplies	-	6,558
	22,541	(15,947)
Cash provided by (applied to) operating transactions	69,200	(4,250)
Capital transactions		
Acquisition of tangible capital assets	(29,112)	(59,230)
Proceeds from disposal of tangible capital assets	619	1,500
Cash applied to capital transactions	(28,493)	(57,730)
Net change in cash and cash equivalents	40,707	(61,980)
Cash and cash equivalents, beginning of year	43,561	105,541
Cash and cash equivalents, end of year	\$ 84,268	\$ 43,561

The accompanying notes are an integral part of these financial statements

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2020

The Sundridge-Strong-Joly Arena & Hall (the "organization") is a joint committee of the Corporation of the Village of Sundridge, the Corporation of the Township of Strong, and the Corporation of the Township of Joly, who contribute towards the organization in the following proportions: Sundridge - 40%; Strong - 50%; Joly - 10%.

MANAGEMENT RESPONSIBILITY

The financial statements of the organization are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of 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.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the organization are as follows:

Basis of Accounting

- (i) **Accrual basis of accounting**
Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (ii) **Cash and cash equivalents**
Cash and cash equivalents include cash on hand, balances held at financial institutions and short-term deposits with original maturities of three months or less.
- (iii) **Non-financial assets**
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2020

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings - 10 to 50 years
Machinery and equipment - 10 to 20 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.

(b) Inventories of supplies

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(iv) Reserves and reserve funds

Certain amounts, as approved by the organization, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Statement of Financial Position.

(v) Government transfers

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

(vi) Pensions and employee benefits

The organization accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

(vii) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the organization may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets and employee benefits payable. Actual results could differ from these estimates.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2020

2. EMPLOYEE BENEFITS PAYABLE

- (a) Under the sick leave benefits policy, unused sick leave for non-unionized employees can accumulate without limit and employees hired prior to January 1, 2014 are entitled to a payout of one-half of their accumulated time to a maximum of 30 days when they leave the organization's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$12,011 (2019 \$11,976) at the end of the year.
- (b) Under the retirement gratuity policy, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for the retirement gratuity is estimated at \$2,123 (2019 \$1,041) at the end of the year.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20203. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the organization by major asset class are outlined below.

2020						
	Land and Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	TOTAL	
COST						
Balance, beginning of year	\$ 3,503	\$ 875,079	\$ 659,595	\$ -	\$ 1,538,177	
Additions and betterments	-	17,706	11,406	-	29,112	
Disposals and writedowns	-	(7,534)	(3,887)	-	(11,421)	
BALANCE, END OF YEAR	\$ 3,503	\$ 885,251	\$ 667,114	\$ -	\$ 1,555,868	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	573,767	445,917	-	1,019,684	
Annual amortization	-	20,211	27,620	-	47,831	
Amortization disposals	-	(6,027)	(3,887)	-	(9,914)	
BALANCE, END OF YEAR	-	587,951	469,650	-	1,057,601	
TANGIBLE CAPITAL ASSETS-NET	\$ 3,503	\$ 297,300	\$ 197,464	\$ -	\$ 498,267	
2019						
	Land and Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	TOTAL	
COST						
Balance, beginning of year	\$ 3,503	\$ 873,763	\$ 601,780	\$ 16,790	\$ 1,495,836	
Additions and betterments	-	11,845	47,385	-	59,230	
Disposals and writedowns	-	(10,529)	(6,360)	-	(16,889)	
Transfer between classes	-	-	16,790	(16,790)	-	
BALANCE, END OF YEAR	\$ 3,503	\$ 875,079	\$ 659,595	\$ -	\$ 1,538,177	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	562,358	421,153	-	983,511	
Annual amortization	-	19,622	31,123	-	50,745	
Amortization disposals	-	(8,213)	(6,359)	-	(14,572)	
BALANCE, END OF YEAR	-	573,767	445,917	-	1,019,684	
TANGIBLE CAPITAL ASSETS-NET	\$ 3,503	\$ 301,312	\$ 213,678	\$ -	\$ 518,493	

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20204. ACCUMULATED SURPLUS

The 2020 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Ballfield capital	\$ 410	\$ -	\$ 410
Working funds	11,980	-	11,980
Rubber flooring	12,000	2,000	14,000
	24,390	2,000	26,390
OTHER			
Tangible capital assets	\$ 518,493	\$ (20,226)	\$ 498,267
General operating surplus	5,654	16,166	21,820
Unfunded employee benefits	(13,017)	(1,117)	(14,134)
	\$ 535,520	\$ (3,177)	\$ 532,343

5. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Change in general operating surplus	\$ (2,140)
Increase in reserves	2,000
ADJUSTMENTS:	
Acquisition of tangible capital assets	37,000
Amortization of tangible capital assets	(47,800)
ANNUAL DEFICIT	\$ (10,940)

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20206. RELATED PARTY TRANSACTIONS

The related party transactions below are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following table summarizes the organization's related party transactions with its contributing municipalities during the year:

	2020	2019
Municipal contributions		
Township of Strong	\$ 132,970	\$ 113,018
Village of Sundridge	106,376	90,414
Township of Joly	26,594	20,603
Expenses		
Township of Strong		
Administration	3,000	3,000
Parking lot sanding	700	-
Village of Sundridge		
Wastewater levy	3,197	4,047
Court security charge	6,528	93
Water testing	93	94

At the end of the year, amounts due from (due to) contributing municipalities are as follows:

Township of Strong	(1,652)	-
Village of Sundridge	(5,442)	93

The amounts due from contributing municipalities are reported in accounts receivable on the Statement of Financial Position. Amounts due to the municipalities are included in accounts payable and accrued liabilities. These amounts are non-interest bearing, with no specific terms of repayment.

7. SEGMENT DISCLOSURE AND EXPENSES BY OBJECT

Since the organization's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided. Supplementary expenses by object information has been omitted as it would not provide additional information not readily determinable from the financial information provided on the Statement of Operations.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2020

8. PENSION AGREEMENTS

The organization makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. 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. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million with respect to benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the organization does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2020 was \$10,510 (2019 \$11,132) for current service and is included as an expense on the Statement of Operations.

9. IMPACTS OF COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The organization estimates that the intermittent closure of its recreational facility has resulted in a loss of user fees, rentals, and other income of approximately \$39,000 and a related reduction in operating expenses, primarily salaries and benefits and hydro, of approximately \$41,000 in 2020.

While governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions, the duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.