
**ARMOUR, RYERSON AND BURK'S FALLS
MEMORIAL ARENA AND KARL CROZIER COMMUNITY CENTRE**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND
KARL CROZIER COMMUNITY CENTRE
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Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of the Contributing Municipalities of the Armour, Ryerson and Burk's Falls Memorial Arena and Karl Cozier Community Centre

Opinion

We have audited the financial statements of the Armour, Ryerson and Burk's Falls Memorial Arena and Karl Cozier Community Centre ("the Arena"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, change 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 Armour, Ryerson and Burk's Falls Memorial Arena and Karl Cozier Community Centre as at December 31, 2018, 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 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.

Grant Thornton LLP

North Bay, Canada
May 21, 2019

Chartered Professional Accountants
Licensed Public Accountants


**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
COMMUNITY CENTRE**

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Inventory held for resale	\$ 3,299	\$ 2,393
LIABILITIES		
Accounts payable and accrued liabilities	3,299	2,393
Tangible capital lease (Note 2)	2,877	4,150
Employee benefits payable (Note 3)	1,256	1,177
NET DEBT	(4,133)	(5,327)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 4)	1,230,469	1,283,647
ACCUMULATED SURPLUS (Note 5)	\$ 1,226,336	\$ 1,278,320

APPROVED ON BEHALF OF COUNCIL:

 Mayor

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
COMMUNITY CENTRE**

STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 <i>(see Note 6)</i>	Actual 2018	Actual 2017
REVENUE			
User fees	\$ 107,900	\$ 101,625	\$ 102,997
Municipal contributions - Armour	76,599	78,228	93,878
Municipal contributions - Burk's Falls	76,599	78,228	46,939
Municipal contributions - Ryerson	76,599	78,228	46,939
Other	17,501	19,113	19,790
TOTAL REVENUE	355,198	355,422	310,543
EXPENSES			
Salaries and wages	156,000	161,000	154,123
Long-term debt charges (interest)	95	95	128
Materials and supplies	179,230	164,202	134,777
Contracted services	18,000	18,959	15,457
Rents and financial expenses	600	592	-
Amortization	62,600	62,558	62,777
TOTAL EXPENSES	416,525	407,406	367,262
ANNUAL DEFICIT <i>(Note 5)</i>	(61,327)	(51,984)	(56,719)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,278,320	1,278,320	1,335,039
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,216,993	\$ 1,226,336	\$ 1,278,320

The accompanying notes are an integral part of these financial statements

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
COMMUNITY CENTRE**

**STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018 <i>(see Note 6)</i>	Actual 2018	Actual 2017
Annual deficit	\$ (61,327)	\$ (51,984)	\$ (56,719)
Acquisition of tangible capital assets	-	(9,380)	(5,280)
Amortization of tangible capital assets	62,600	62,558	62,777
Decrease in net debt	1,273	1,194	778
Net debt, beginning of year	(5,327)	(5,327)	(6,105)
Net debt, end of year	\$ (4,054)	\$ (4,133)	\$ (5,327)

The accompanying notes are an integral part of these financial statements

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
COMMUNITY CENTRE**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Operating transactions		
Annual deficit	\$ (51,984)	\$ (56,719)
Non-cash charges to operations:		
Amortization	62,558	62,777
Change in employee benefits payable	79	462
Changes in non-cash items:		
Inventory held for resale	(906)	634
Accounts payable and accrued liabilities	906	(634)
Cash provided by operating transactions	10,653	6,520
Capital transactions		
Acquisition of tangible capital assets	(9,380)	(5,280)
Cash applied to capital transactions	(9,380)	(5,280)
Financing transactions		
Tangible capital lease repayments	(1,273)	(1,240)
Cash applied to financing transactions	(1,273)	(1,240)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -
Cash flow supplementary information:		
Interest paid	\$ 95	\$ 128

The accompanying notes are an integral part of these financial statements

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
COMMUNITY CENTRE**

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

The Armour, Ryerson and Burk's Falls Memorial Arena and Karl Crozier Community Centre (the "organization") is a joint board of the Municipal Corporation of the Township of Armour, the Corporation of the Municipality of the Village of Burk's Falls and the Corporation of the Township of Ryerson, who contribute towards the organization in equal proportions (2017 Armour 50%; Burk's Falls 25%; Ryerson 25%).

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) 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.

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
COMMUNITY CENTRE**

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

(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:

- Land improvements - 20 years
- Buildings - 10 to 40 years
- Machinery, equipment and furniture - 10 to 20 years
- Vehicles - 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.

(iii) 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.

(iv) 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 under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

(v) 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.

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
COMMUNITY CENTRE**

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

2. TANGIBLE CAPITAL LEASES

The organization leases telephone equipment, which is accounted for on the Statement of Financial Position at the present value of future minimum lease payments. Future minimum lease payments are as follows:

	2018	2017
2018	\$ -	\$ 1,368
2019	1,368	1,368
2020	1,368	1,368
2021	228	228
Total minimum lease payments	2,964	4,332
Less amount representing interest (2.66% incremental borrowing rate)	(87)	(182)
Present value of future minimum capital lease payments	\$ 2,877	\$ 4,150

Interest of \$95 (2017 \$128) relating to capital lease obligations has been reported on the Statement of Operations.

3. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate at a rate of 1/2 day per month to a maximum of 18 days and employees are entitled to a cash payment equal to 1/2 of their banked time 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 \$1,256 (2017 \$1,177) at the end of the year.

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
COMMUNITY CENTRE**

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

4. TANGIBLE CAPITAL ASSETS

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

2018						
	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	TOTAL	
COST						
Balance, beginning of year	\$ 135,369	\$ 1,952,948	\$ 123,071	\$ 107,641	\$ 2,319,029	
Additions and betterments	-	3,860	5,520	-	9,380	
Disposals and writedowns	-	(2,374)	-	-	(2,374)	
BALANCE, END OF YEAR	135,369	1,954,434	128,591	107,641	2,326,035	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	17,651	880,984	73,467	63,280	1,035,382	
Annual amortization	1,098	51,994	5,609	3,857	62,558	
Amortization disposals	-	(2,374)	-	-	(2,374)	
BALANCE, END OF YEAR	18,749	930,604	79,076	67,137	1,095,566	
TANGIBLE CAPITAL ASSETS-NET	\$ 116,620	\$ 1,023,830	\$ 49,515	\$ 40,504	\$ 1,230,469	

2017						
	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	TOTAL	
COST						
Balance, beginning of year	\$ 135,369	\$ 1,948,845	\$ 123,071	\$ 107,641	\$ 2,314,926	
Additions and betterments	-	5,280	-	-	5,280	
Disposals and writedowns	-	(1,177)	-	-	(1,177)	
BALANCE, END OF YEAR	135,369	1,952,948	123,071	107,641	2,319,029	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	16,553	830,237	67,570	59,422	973,782	
Annual amortization	1,098	51,924	5,897	3,858	62,777	
Amortization disposals	-	(1,177)	-	-	(1,177)	
BALANCE, END OF YEAR	17,651	880,984	73,467	63,280	1,035,382	
TANGIBLE CAPITAL ASSETS-NET	\$ 117,718	\$ 1,071,964	\$ 49,604	\$ 44,361	\$ 1,283,647	

Included in tangible capital assets are leased tangible capital assets with a cost of \$6,250 (2017 \$6,250) and accumulated amortization of \$2,187 (2017 \$1,562).

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

5. ACCUMULATED SURPLUS

The 2018 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
Tangible capital assets	\$ 1,283,647	\$ (53,178)	\$ 1,230,469
Unfunded amounts:			
Employee benefits	(1,177)	(79)	(1,256)
Tangible capital lease	(4,150)	1,273	(2,877)
	\$ 1,278,320	\$ (51,984)	\$ 1,226,336

6. 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	\$ -
ADJUSTMENTS:	
Amortization of tangible capital assets	(62,600)
Budgeted decrease in tangible capital leases	1,273
ANNUAL DEFICIT	\$ (61,327)

**ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND KARL CROZIER
COMMUNITY CENTRE**

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

7. 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:

	2018	2017
Municipal contributions		
Township of Armour	\$ 78,228	\$ 93,878
Village of Burk's Falls	78,228	46,939
Township of Ryerson	78,228	46,939
Expenses		
Village of Burk's Falls		
Water and wastewater	6,266	6,563

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

Village of Burk's Falls	3,299	2,393
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The amounts due to contributing municipalities are reported in accounts payable and accrued liabilities. These amounts are non-interest bearing, with no specific terms of repayment.

8. 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.

9. 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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million with respect to benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 was \$7,855 (2017 \$7,428) for current service and is included as an expense on the Statement of Operations.