

EAST ELGIN COMMUNITY COMPLEX
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

**EAST ELGIN COMMUNITY COMPLEX
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Committee Members, Members of Council, Inhabitants and Ratepayers of the participating municipalities as listed in note 1

Opinion

We have audited the accompanying financial statements of East Elgin Community Complex (the "Complex"), which comprise the Statement of Financial Position as at December 31, 2022, and Statements of Operations and Accumulated Surplus, Cash Flows and Change in Net Financial Assets 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 East Elgin Community Complex as at December 31, 2022 and its financial performance and its change in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 Complex 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 Complex's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Complex or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Complex'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 Complex'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 Complex'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 Complex 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.

April 26, 2023
London, Canada

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

**EAST ELGIN COMMUNITY COMPLEX
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

| | 2022 | 2021 |
|--|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 137,531 | \$ 83,942 |
| Due from Township of Malahide | 165,618 | 127,426 |
| | 303,149 | 211,368 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 101,539 | 75,672 |
| Due to Town of Aylmer | 58,026 | 15,355 |
| Deferred revenue | - | 1,094 |
| | 159,565 | 92,121 |
| NET FINANCIAL ASSETS | 143,584 | 119,247 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (note 2.d), (Schedule 1) | 6,964,692 | 7,195,042 |
| Prepaid expense | 19,512 | 15,060 |
| Work in Progress | 15,420 | - |
| | 6,999,624 | 7,210,102 |
| ACCUMULATED SURPLUS (note 4) (page 3) | \$ 7,143,208 | \$ 7,329,349 |

The accompanying notes are an integral part of the financial statements

**EAST ELGIN COMMUNITY COMPLEX
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | Budget 2022 | Actual 2022 | Actual 2021 |
|---|---------------------|---------------------|---------------------|
| REVENUE | | | |
| Ice rental | \$ 485,500 | \$ 480,202 | \$ 290,048 |
| Facility rental | 60,200 | 47,848 | 35,523 |
| Residential youth ice subsidy | 55,000 | 48,585 | 34,454 |
| Lease | 13,718 | 6,299 | 1,744 |
| Admission and programs | 46,200 | 12,077 | 2,678 |
| Advertising | 12,900 | 816 | - |
| Other | 7,640 | 8,433 | 853 |
| | 681,158 | 604,260 | 365,300 |
| EXPENDITURES | | | |
| Administration | 42,570 | 24,464 | 28,764 |
| Advertising | 14,500 | 6,895 | 5,438 |
| Amortization | - | 250,645 | 254,931 |
| Building maintenance | 70,700 | 44,872 | 27,297 |
| COVID-19 | - | 8,302 | 20,847 |
| Equipment maintenance | 22,600 | 41,982 | 28,435 |
| Grounds maintenance | 22,660 | 17,965 | 17,100 |
| Insurance | 46,000 | 46,397 | 44,101 |
| Office and computer equipment | 8,900 | 4,130 | 8,741 |
| Office expenditures | 15,690 | 21,385 | 12,695 |
| Professional services | 3,400 | 4,650 | 2,193 |
| Program expenditures | - | 3,079 | 1,875 |
| Safety supplies and uniforms | 3,750 | 1,539 | 3,262 |
| Telephone | 12,800 | 9,292 | 12,049 |
| Travel and training | 6,850 | 2,785 | 2,913 |
| Utilities | 334,537 | 307,104 | 224,961 |
| Wages and employee benefits | 654,835 | 539,923 | 476,076 |
| | 1,259,792 | 1,335,409 | 1,171,678 |
| EXCESS OF EXPENDITURES OVER REVENUE (EXPENDITURES OVER REVENUE) BEFORE CONTRIBUTIONS | | | |
| | (578,634) | (731,149) | (806,378) |
| CONTRIBUTIONS | | | |
| Town of Aylmer | 289,317 | 272,504 | 287,525 |
| Township of Malahide | 289,317 | 272,504 | 287,525 |
| | 578,634 | 545,008 | 575,050 |
| EXCESS OF EXPENDITURES OVER REVENUE (EXPENDITURES OVER REVENUE) | | | |
| | - | (186,141) | (231,328) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR (note 4) | | | |
| | 7,329,349 | 7,329,349 | 7,560,677 |
| ACCUMULATED SURPLUS, END OF YEAR | | | |
| | \$ 7,329,349 | \$ 7,143,208 | \$ 7,329,349 |

The accompanying notes are an integral part of the financial statements

**EAST ELGIN COMMUNITY COMPLEX
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | 2022 | 2021 |
|--|-------------------|------------------|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING ACTIVITIES | | |
| Excess expenditures over revenue (page 4) | \$ (186,141) | \$ (231,328) |
| Non-cash charges to operations | | |
| Amortization | 250,645 | 254,931 |
| Net change in working capital other than cash (A) | 29,252 | (14,008) |
| | 93,756 | 9,595 |
| INVESTING ACTIVITIES | | |
| Net disposal (acquisition) of tangible capital assets | (20,295) | (7,888) |
| Decrease (increase) in prepaid expense | (4,452) | (1,080) |
| Decrease (increase) work in progress | (15,420) | - |
| | (40,167) | (8,968) |
| Increase (decrease) in cash during the year | 53,589 | 627 |
| Cash, beginning of year | 83,942 | 83,315 |
| CASH, END OF YEAR | \$ 137,531 | \$ 83,942 |

(A) Net change in working capital other than cash includes the net change in accounts receivable, Due from the Town of Aylmer, due from (to) the Township of Malahide, accounts payable and accrued liabilities and deferred revenue.

The accompanying notes are an integral part of the financial statements

EAST ELGIN COMMUNITY COMPLEX
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Excess of expenditures over revenue (page 4) | \$ (186,141) | \$ (231,328) |
| Amortization of tangible capital assets | 250,645 | 254,931 |
| Net disposal (acquisition) of tangible capital assets | (20,295) | (7,888) |
| Decrease (increase) in prepaid expense | (4,452) | (1,080) |
| Decrease(increase work in progress | (15,420) | - |
| Increase in net financial assets | 24,337 | 14,635 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 119,247 | 104,612 |
| NET FINANCIAL ASSETS, END OF YEAR | \$ 143,584 | \$ 119,247 |

The accompanying notes are an integral part of the financial statements

**EAST ELGIN COMMUNITY COMPLEX
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. Description of the Complex

The East Elgin Community Complex (the "Complex") is a joint project between the Corporation of the Town of Aylmer and the Corporation of the Township of Malahide to build and operate a community centre to be used by residents of both municipalities. The costs to build and operate this facility are shared equally between the two municipalities. The Corporation of the Town of Aylmer is the administering municipality.

2. Significant accounting policies

The financial statements of the East Elgin Community Complex have been prepared by management, the East Elgin Community Complex Board (the "Board"), in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a. Reporting entity

The financial statements reflect the assets, liabilities, revenue and expenditures, and accumulated surplus of the Complex.

b. Revenue recognition

Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue is deferred and recognized in the period when the related expenditures are incurred, services performed or the tangible capital assets are acquired.

c. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and 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. The change in non-financial assets during the year, together with the excess of revenue over expenditures, provides the change in net financial assets for the year.

d. 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. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|------------------------|----------------|
| Buildings and fixtures | 15 to 50 years |
| Land improvements | 15 to 25 years |
| Equipment | 7 to 30 years |

Amortization is charged on a monthly basis in the year of acquisition and in the year of disposal. The Complex has a capitalization threshold of \$10,000. Individual assets of lesser value are expensed unless they are pooled because collectively they have significant value.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The fair value is also recorded as revenue.

Tangible capital assets are detailed on the accompanying Schedule 1.

**EAST ELGIN COMMUNITY COMPLEX
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

2. Significant accounting policies continued

e. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

f. Financial instruments

Financial instruments of the Complex consist mainly of accounts receivable due from (to) the Town of Aylmer, due from (to) the Township of Malahide and accounts payable and accrued liabilities. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

The Complex does not have any significant exposure to any individual customer. The Complex requires rental fees to be paid in advance of the rental date. Accounts receivable are generally the result of rentals by regular user groups or incidental items from individual rentals.

g. Government grants

Government grants and transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

h. 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 revenue and expenditures during the period. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Actual results could differ from management's best estimates, as additional information becomes available in the future.

i. Budget

The operating budget approved by the Board, for 2022, is reflected on the Statement of Operations and Accumulated Surplus. The budgets established for capital investment in tangible capital assets are on a project-oriented basis.

3. Employee benefits

The Town of Aylmer contributes to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all permanent, full-time members of the staff of the Complex. 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 services and rates of pay.

The employees of the Complex are entitled to health benefits upon their retirement under their employment contract for one year upon completion of 15 years of service.

**EAST ELGIN COMMUNITY COMPLEX
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

4. Accumulated Surplus

Accumulated surplus consists of the following surplus balance:

| | 2022 | 2021 |
|---|--------------|--------------|
| Reserve funds: | | |
| Capital replacement reserve fund | \$ 161,847 | \$ 133,087 |
| Flats development reserve fund | 1,249 | 1,220 |
| | 163,096 | 134,307 |
| Tangible capital assets, including work in progress | 6,980,112 | 7,195,042 |
| | \$ 7,143,208 | \$ 7,329,349 |

The participating municipalities currently fund the operations of the Complex based on the operating budget. The excess expenditures over revenue of \$186,141 (2021 - \$231,328) represents the change in tangible capital assets net of the change in reserve funds. The amortization is not currently funded by the municipalities. The net change in reserve funds represents amounts collected from participants for a capital surcharge to be used in future years to replace existing tangible capital assets. In addition, the Board can approve additional transfers to the reserve funds.

5. Administration

The Town of Aylmer acts as the financial administrator for the Complex, and as such, all cash and cash equivalents are held in the name of the Town of Aylmer.

6. Significant event

In March 2020, the Province of Ontario declared a state of emergency in response to the COVID-19 virus. The Complex has followed the Provincial directions regarding essential services and as a result has closed its doors to the public during periods of time in 2021 as required. It is unclear the extent of the total financial impact the COVID-19 virus will have on the Complex. The Board and staff continue to monitor the situation.

**EAST ELGIN COMMUNITY COMPLEX
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | | | | | | 2022 | 2021 |
|--|------------|-------------------|---------------|------------|---------------|---------------|-------|
| | Land | Land Improvements | Buildings | Equipment | | Total | Total |
| COST | | | | | | | |
| Balance, beginning of year | \$ 370,966 | \$ 567,379 | \$ 10,004,277 | \$ 602,084 | \$ 11,544,706 | \$ 11,536,818 | |
| Add: | | | | | | | |
| Additions during the year | - | - | - | 20,295 | 20,295 | 7,888 | |
| Less: | | | | | | | |
| Disposals during the year | - | - | - | - | - | - | |
| Balance, end of year | 370,966 | 567,379 | 10,004,277 | 622,379 | 11,565,001 | 11,544,706 | |
| ACCUMULATED AMORTIZATION | | | | | | | |
| Balance, beginning of year | - | 350,604 | 3,523,609 | 475,451 | 4,349,664 | 4,094,733 | |
| Add: | | | | | | | |
| Amortization during the year | - | 18,858 | 206,024 | 25,763 | 250,645 | 254,931 | |
| Less: | | | | | | | |
| Disposals during the year | - | - | - | - | - | - | |
| Balance, end of year | - | 369,462 | 3,729,633 | 501,214 | 4,600,309 | 4,349,664 | |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | | | | | | | |
| | \$ 370,966 | \$ 197,917 | \$ 6,274,644 | \$ 121,165 | \$ 6,964,692 | \$ 7,195,042 | |

This schedule is provided for information purposes only