
SUNDRIDGE-STRONG-JOLY ARENA & HALL

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023, 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 Sundridge-Strong-Joly Arena & Hall 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 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
August 20, 2024

Chartered Professional Accountants
Licensed Public Accountants

SUNDRIDGE-STRONG-JOLY ARENA & HALL
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022 (Restated - see Note 2)
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 166,260	\$ 96,125
Accounts receivable	10,455	147,791
	176,715	243,916
LIABILITIES		
Accounts payable and accrued liabilities	51,180	138,544
Long-term debt (Note 3)	306,979	381,746
Employee benefits payable (Note 4)	20,109	15,185
Asset retirement obligations (Note 6)	43,583	41,746
	421,851	577,221
NET DEBT	(245,136)	(333,305)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 8)	1,316,172	1,312,813
Inventories of supplies	7,528	11,145
	1,323,700	1,323,958
ACCUMULATED SURPLUS (Note 9)	\$ 1,078,564	\$ 990,653

Contractual Obligations (Note 7)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

SUNDRIDGE-STRONG-JOLY ARENA & HALL
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget 2023 (see Note 10)	Actual 2023	Actual 2022 (Restated - see Note 2)
REVENUE			
User fees	\$ 42,100	\$ 40,158	\$ 19,628
Municipal contributions -			
Township of Strong	229,073	229,073	153,488
Village of Sundridge	183,259	183,259	122,791
Township of Joly	45,815	45,815	30,698
Trillium Foundation grant	-	-	500,000
Other revenue	89,324	90,603	96,127
Loss on disposal of capital assets	-	(1,999)	(37,809)
TOTAL REVENUE	589,571	586,909	884,923
EXPENSES			
Salaries and wages	225,237	227,912	185,507
Long-term debt charges (interest)	12,942	12,942	4,938
Materials and supplies	146,877	169,696	150,319
Contracted services	23,525	26,352	24,167
Rents and financial expenses	650	585	4,585
Accretion on asset retirement obligation	1,837	1,837	1,759
Amortization of tangible capital assets	59,674	59,674	50,297
TOTAL EXPENSES	470,742	498,998	421,572
ANNUAL SURPLUS (Note 9)	118,829	87,911	463,351
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
As previously reported	1,031,049	1,031,049	565,746
Change in accounting policy (Note 2)	(40,396)	(40,396)	(38,444)
As restated	990,653	990,653	527,302
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,109,482	\$ 1,078,564	\$ 990,653

The accompanying notes are an integral part of these financial statements

SUNDRIDGE-STRONG-JOLY ARENA & HALL
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget 2023 (see Note 10)	Actual 2023	Actual 2022 (Restated - see Note 2)
Annual surplus	\$ 118,829	\$ 87,911	\$ 463,351
Acquisition of tangible capital assets	(189,700)	(65,032)	(935,925)
Amortization of tangible capital assets	59,674	59,674	50,297
Loss on disposal of tangible capital assets	-	1,999	37,809
Proceeds from disposal of tangible capital assets	-	-	8,057
Change in supplies inventories	-	3,617	(9,020)
Increase (decrease) in net debt	(11,197)	88,169	(385,431)
Net financial assets (net debt), beginning of year			
As previously reported	(291,559)	(291,559)	92,113
Change in accounting policy (Note 2)	(41,746)	(41,746)	(39,987)
As restated	(333,305)	(333,305)	52,126
Net debt, end of year	\$ (344,502)	\$ (245,136)	\$ (333,305)

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, 2023

	2023	2022 <i>(Restated - see Note 2)</i>
Operating transactions		
Annual surplus	\$ 87,911	\$ 463,351
Non-cash charges to operations:		
Amortization of tangible capital assets	59,674	50,297
Loss on disposal of tangible capital assets	1,999	37,809
Change in employee benefits payable	4,924	1,025
Accretion of asset retirement obligations	1,837	1,759
	156,345	554,241
Changes in non-cash items:		
Accounts receivable	137,336	(122,884)
Accounts payable and accrued liabilities	(87,364)	103,218
Inventories of supplies	3,617	(9,020)
	53,589	(28,686)
Cash provided by operating transactions	209,934	525,555
Capital transactions		
Acquisition of tangible capital assets	(65,032)	(935,925)
Proceeds from disposal of tangible capital assets	-	8,057
Cash applied to capital transactions	(65,032)	(927,868)
Financing transactions		
Proceeds of long-term debt	-	400,000
Debt principal repayments	(74,767)	(18,254)
Cash provided (applied to) by financing transactions	(74,767)	381,746
Net change in cash and cash equivalents	70,135	(20,567)
Cash and cash equivalents, beginning of year	96,125	116,692
Cash and cash equivalents, end of year	\$ 166,260	\$ 96,125
Cash flow supplementary information:		
Interest paid	\$ 13,178	\$ 5,706

The accompanying notes are an integral part of these financial statements

SUNDRIDGE-STRONG-JOLY ARENA & HALL

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2023

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.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)(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.

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset, as well as any asset retirement obligations related to 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.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)(vii) Financial instruments

Financial instruments are classified as either fair value, amortized cost or cost.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried at fair value. Financing fees and transaction costs on financial instruments measured at fair value are expensed as incurred. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Statement of Operations. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. The effective interest rate method allocates interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement, provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Statement of Operations.

Financial liabilities (or part of a financial liability) are removed from the Statement of Financial Position when, and only when, they are discharged, cancelled or expire.

The organization's financial instruments are measured according to the following methods:

<u>Financial instrument</u>	<u>Measurement method</u>
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)(viii) Asset retirement obligations

A liability for an asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. When an asset retirement obligation is initially recognized, a corresponding asset retirement cost is added to the carrying value of the related capital asset when it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(ix) 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, estimated costs and timing of asset retirement obligations and employee benefits payable. Actual results could differ from these estimates.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$43,583. These estimates are subject to uncertainty because of several factors including, but not limited to estimated settlement dates, estimated costs and change in the discount rate. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2023

2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2023 the organization adopted the following standards concurrently on a prospective basis: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*. The adoption of these standards had no impact on the opening balances.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. This standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. This standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. This standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20232. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

On January 1, 2023 the organization adopted PS 3280 *Asset Retirement Obligations (ARO)* on a modified retroactive basis with prior period restatement.

PS 3280 establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

As a result of applying PS 3280, the asset retirement obligation and related tangible capital assets have been restated as follows:

	As Previously Reported	Adjustments	As Restated
STATEMENT OF FINANCIAL POSITION			
Tangible capital assets - net	\$ 1,311,463	\$ 1,350	\$ 1,312,813
Asset retirement obligation liability	-	41,746	41,746
Accumulated surplus	1,031,049	(40,396)	990,653
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS			
Total expenses	419,620	1,952	421,572
Annual surplus	465,303	(1,952)	463,351
Accumulated surplus, beginning of year	565,746	(38,444)	527,302
Accumulated surplus, end of year	1,031,049	(40,396)	990,653
STATEMENT OF CHANGE IN NET DEBT			
Annual surplus	465,303	(1,952)	463,351
Amortization of tangible capital assets	50,104	193	50,297
Increase in net debt	(383,672)	(1,759)	(385,431)
Net financial assets, beginning of year	92,113	(39,987)	52,126
Net debt, end of year	(291,559)	(41,746)	(333,305)
STATEMENT OF CASH FLOWS			
Annual surplus	465,303	(1,952)	463,351
Amortization of tangible capital assets	50,104	193	50,297
Accretion of asset retirement obligations	-	1,759	1,759

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20233. LONG-TERM DEBT

(a) The balance of long-term debt reported on the Statement of Financial Position is made up of the following:

	2023	2022
Ontario Infrastructure and Lands Corporation amortizing debenture, due September 2027, repayable in monthly payments of \$7,329 including interest calculated at 3.79%. Secured by future Provincial funding	\$ 306,979	\$ 381,746

(b) Future estimated principal and interest payments on the long-term debt are as follows:

	Principal	Interest
2024	\$ 77,650	\$ 10,295
2025	80,645	7,300
2026	83,755	4,190
2027	64,929	1,030
	\$ 306,979	\$ 22,815

(c) Total charges for the year for long-term debt which are reported in the financial statements are as follows:

	2023	2022
Principal payments	\$ 74,767	\$ 18,254
Interest	12,942	4,938
	\$ 87,709	\$ 23,192

4. 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 \$14,298 (2022 - \$12,962) 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 \$5,811 (2022 - \$2,223) at the end of the year.

SUNDRIDGE-STRONG-JOLY ARENA & HALL

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

5. FINANCIAL INSTRUMENTSRisks arising from financial instruments and risk management

The organization is exposed to various risks through its financial instruments. There have been no changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Credit risk

Credit risk is the risk of financial loss to the organization if a debtor fails to honour its contractual obligations. The organization is exposed to this risk as a result of cash and cash equivalents and accounts receivable. The carrying amounts on the Statement of Financial Position represents the maximum credit risk of the organization as at the reporting date.

The organization holds its cash and cash equivalents with a federally regulated chartered bank that is insured by the Canadian Deposit Insurance Corporation ("CDIC"). The CDIC insurance is up to \$100,000 per deposit account.

Accounts receivable are primarily due from other levels of government and facility users. Credit risk is mitigated by the financial solvency of the governments and the highly diversified nature of the facility user population. The amounts outstanding at year-end were as follows:

2023				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 2,267	\$ -	\$ -	\$ 2,267
Facility users	4,355	1,522	-	5,877
Other	2,311	-	-	2,311
Net receivables	\$ 8,933	\$ 1,522	\$ -	\$ 10,455
2022				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 77,517	\$ -	\$ -	\$ 77,517
Trillium Foundation	50,000	-	-	50,000
Contributing municipalities	-	8,098	-	8,098
Facility users	5,895	3,795	-	9,690
Other	2,486	-	-	2,486
Net receivables	\$ 135,898	\$ 11,893	\$ -	\$ 147,791

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they become due. The organization is subject to this risk with respect to its accounts payable and accrued liabilities and long-term debt. The organization maintains sufficient cash balances to meet its obligations, and does not believe it is subject to significant liquidity risk.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20235. FINANCIAL INSTRUMENTS (Continued)

The table below sets out the payable dates of the organization's accounts payable and accrued liabilities. The long-term debt repayment schedule is disclosed in Note 3.

2023					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 48,594	\$ 2,586	\$ -	\$ -	\$ 51,180

2022					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 112,720	\$ 25,824	\$ -	\$ -	\$ 138,544

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The organization is not exposed to significant currency or equity risk as it does not transact materially in foreign currency and does not hold equity financial instruments. It is primarily exposed to interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its long-term debt. Fixed rate instruments subject the organization to a fair value risk.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20236. ASSET RETIREMENT OBLIGATIONS

The organization has recorded an asset retirement obligation ("ARO") as of the January 1, 2023 implementation date on a modified retroactive basis. An obligation with respect to the removal and disposal of designated substances such as asbestos from the arena and hall has been recorded.

In the past, the organization reported its obligations related to the retirement of tangible capital assets in the period the asset was retired directly as an expense. New standard PS 3280 *Asset Retirement Obligations (ARO)* requires the recognition of the liability in full when the legal obligation arose. The liability is initially recorded at the estimated present value of future cash flows for the removal and disposal of designated substances, and subsequently adjusted as the result of revisions to the estimated cost of the obligation (arising from a change in cost, timing, inflation, discount rate, or change in the legal obligation), for accretion of the discounted liability and for activities that occurred to settle all or part of the obligation. When initially recording this obligation, the estimated present value of future cash flows for removal and disposal costs for assets in use are capitalized to the carrying amount of the associated assets, and amortized in the same manner as the underlying asset. Subsequent revisions to the estimated cost are also capitalized and amortized as part of the asset. Accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

The liability is estimated at \$43,583 (2022 - \$41,746), which represents the total discounted future cash flows for removal and disposal of contaminated material using an estimated long-term borrowing rate of 4.4% (2022 - 4.4%) and inflation rate of 2.6% (2022 - 2.6%).

The continuity of the asset retirement obligation for the site is shown below:

	2023	2022
Balance, beginning of year - as restated	\$ 41,746	\$ 39,987
Increase in liability due to accretion (the passage of time)	1,837	1,759
Balance, end of year	\$ 43,583	\$ 41,746

7. CONTRACTUAL OBLIGATIONS

In 2023 the organization contracted Back & McDonald Limited to replace the ammonia/brine chiller and bucket float at a cost of \$112,930 plus HST. The work is expected to be completed in 2024.

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20238. TANGIBLE CAPITAL ASSETS

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

2023						
	Land and Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	TOTAL	
COST						
Balance, beginning of year	\$ 3,503	\$ 1,579,924	\$ 684,108	\$ 18,148	\$ 2,285,683	
Additions and betterments	-	29,742	31,871	3,419	65,032	
Disposals and writedowns	-	(3,447)	-	-	(3,447)	
Transfer between classes	-	-	18,148	(18,148)	-	
BALANCE, END OF YEAR	\$ 3,503	\$ 1,606,219	\$ 734,127	\$ 3,419	\$ 2,347,268	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	463,216	509,654	-	972,870	
Annual amortization	-	39,301	20,373	-	59,674	
Amortization disposals	-	(1,448)	-	-	(1,448)	
BALANCE, END OF YEAR	-	501,069	530,027	-	1,031,096	
TANGIBLE CAPITAL ASSETS-NET	\$ 3,503	\$ 1,105,150	\$ 204,100	\$ 3,419	\$ 1,316,172	
2022						
(Restated - see Note 2)						
	Land and Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	TOTAL	
COST						
Balance, beginning of year	\$ 3,503	\$ 895,188	\$ 678,796	\$ -	\$ 1,577,487	
Additions and betterments	-	909,227	8,550	18,148	935,925	
Disposals and writedowns	-	(224,491)	(3,238)	-	(227,729)	
BALANCE, END OF YEAR	\$ 3,503	\$ 1,579,924	\$ 684,108	\$ 18,148	\$ 2,285,683	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	612,244	492,192	-	1,104,436	
Annual amortization	-	29,597	20,700	-	50,297	
Amortization disposals	-	(178,625)	(3,238)	-	(181,863)	
BALANCE, END OF YEAR	-	463,216	509,654	-	972,870	
TANGIBLE CAPITAL ASSETS-NET	\$ 3,503	\$ 1,116,708	\$ 174,454	\$ 18,148	\$ 1,312,813	

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20239. ACCUMULATED SURPLUS

The 2023 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year <i>(Restated - Note 2)</i>	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Ballfield capital	\$ 410	\$ -	\$ 410
Working funds	11,980	-	11,980
Rubber flooring	18,000	2,000	20,000
Capital renewal and replacement	49,941	(49,941)	-
	80,331	(47,941)	32,390
OTHER			
Tangible capital assets	\$ 1,312,813	\$ 3,359	\$ 1,316,172
General operating surplus	36,186	64,487	100,673
Unfunded amounts -			
Long-term debt	(381,746)	74,767	(306,979)
Employee benefits	(15,185)	(4,924)	(20,109)
Asset retirement obligations	(41,746)	(1,837)	(43,583)
	\$ 990,653	\$ 87,911	\$ 1,078,564

10. 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. For unbudgeted items (amortization of tangible capital assets and asset retirement obligation accretion), the actual amounts for 2023 were used to adjust the reported budgeted amounts. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Change in general operating surplus	\$ (36,186)
Decrease in reserves	(47,941)
ADJUSTMENTS:	
Acquisition of tangible capital assets	189,700
Amortization of tangible capital assets	(59,674)
Accretion of asset retirement obligation	(1,837)
Long-term debt repayment	74,767
ANNUAL SURPLUS	\$ 118,829

SUNDRIDGE-STRONG-JOLY ARENA & HALLNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 202311. 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:

	2023	2022
Municipal contributions		
Township of Strong	\$ 229,073	\$ 153,488
Village of Sundridge	183,259	122,791
Township of Joly	45,815	30,698
Expenses		
Township of Strong		
Administration	3,000	3,000
Village of Sundridge		
Wastewater levy	3,424	3,390
Court security costs (refund)	1,159	(94)
Water testing	192	98

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

Township of Strong	2,033	(1,419)
Village of Sundridge	(1,208)	(7,940)
Township of Joly	-	8,098

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, and are due when invoiced.

12. 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, 2023

13. 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million with respect to benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 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 2023 was \$15,981 (2022 - \$11,584) for current service and is included as an expense on the Statement of Operations.

14. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.