

FINANCIAL STATEMENTS
For
COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA
For the year ended
DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND
THE COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

Opinion

We have audited the accompanying financial statements of the Committee of Management of Ted Reeve Community Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2019, statements of operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the Arena as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Arena in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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.

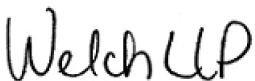
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
December 15, 2020.

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash	\$ 311,062	\$ 417,722
Investments (note 3)	75,514	-
Accounts receivable	<u>89,796</u>	<u>120,876</u>
	<u>476,372</u>	<u>538,598</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 4)	187,832	231,157
Deferred revenue	208,645	237,510
Due to City of Toronto - operating surplus (note 5)	96,514	30,688
Due to City of Toronto - other	-	31,720
Due to City of Toronto - working capital advance (note 6)	<u>15,000</u>	<u>15,000</u>
	<u>507,991</u>	<u>546,075</u>
NET DEBT	(31,619)	(7,477)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	170,091	119,869
Inventories	5,374	7,477
Prepaid expenses	<u>26,245</u>	<u>-</u>
	<u>201,710</u>	<u>127,346</u>
ACCUMULATED SURPLUS	<u>\$ 170,091</u>	<u>\$ 119,869</u>

Approved by the Board:

..... Chair

..... Member

17 Dec 20

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2019

	Budget <u>2019</u> (unaudited)	<u>2019</u>	<u>2018</u>
Revenue			
Ice rentals	\$ 1,076,000	\$ 1,116,415	\$ 876,288
Snack bar and vending machine operations (Schedule A)	23,500	15,472	25,774
Contracted services - outdoor rink	-	-	15,625
Lacrosse and summer rentals	48,000	69,494	62,920
Meeting room rentals	86,000	84,000	77,000
Other	<u>19,600</u>	<u>28,067</u>	<u>28,648</u>
	<u>1,253,100</u>	<u>1,313,448</u>	<u>1,086,255</u>
Expenses			
Salaries and wages	511,100	499,888	425,620
Employee benefits (note 9)	117,700	115,972	112,245
Utilities	254,750	223,368	145,311
Maintenance and repairs	229,100	237,942	126,917
General administration	67,900	92,782	65,429
Insurance	11,750	13,272	12,606
Professional fees	15,250	15,953	34,252
Amortization	-	23,978	20,816
Bad debt	<u>-</u>	<u>144</u>	<u>25,903</u>
	<u>1,207,550</u>	<u>1,223,299</u>	<u>969,099</u>
Excess revenue over expenses before items below	45,550	90,149	117,156
Vehicle and equipment reserve contribution (note 8)	<u>(22,000)</u>	<u>(22,000)</u>	<u>(10,000)</u>
Operating surplus	<u>\$ 23,550</u>	68,149	107,156
Net expenditure receivable from (revenue payable to) the City of Toronto (note 5)		<u>(17,927)</u>	<u>(78,587)</u>
Annual surplus		50,222	28,569
Accumulated surplus, beginning of year		<u>119,869</u>	<u>91,300</u>
Accumulated surplus, end of year		<u>\$ 170,091</u>	<u>\$ 119,869</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Annual surplus	\$ 50,222	\$ 28,569
Acquisition of tangible capital assets	(74,200)	(49,385)
Amortization of tangible capital assets	23,978	20,816
Purchase of inventories, net	(2,103)	(2,629)
Prepaid expenses	<u>26,245</u>	<u>-</u>
Change in net debt	24,142	(2,629)
Net debt, beginning of year	<u>7,477</u>	<u>10,106</u>
Net debt, end of year	\$ <u>31,619</u>	\$ <u>7,477</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Annual surplus	\$ 50,222	\$ 28,569
Adjustment:		
Amortization of tangible capital assets	<u>23,978</u>	<u>20,816</u>
	74,200	49,385
Non-cash changes to operations:		
Accounts receivable	31,080	(23,529)
Due from City of Toronto - operating deficit	-	39,499
Accounts receivable - City of Toronto	2,103	2,629
Accounts payable and accrued liabilities	(43,325)	81,421
Deferred revenue	(28,865)	186,920
Due to City of Toronto - operating surplus	65,826	30,688
Due to City of Toronto - other	(31,720)	(18,799)
Prepaid expenses	<u>(26,245)</u>	<u>-</u>
	<u>43,054</u>	<u>348,214</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of investments	(75,514)	-
Purchase of tangible capital assets	<u>(74,200)</u>	<u>(49,385)</u>
	<u>(149,714)</u>	<u>(49,385)</u>
INCREASE (DECREASE) IN CASH	(106,660)	298,829
CASH, BEGINNING OF YEAR	<u>417,722</u>	<u>118,893</u>
CASH, END OF YEAR	\$ <u>311,062</u>	\$ <u>417,722</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

1. NATURE OF OPERATIONS

The Toronto East Arena Gardens Incorporated operating as the Committee of Management of Ted Reeve Community Arena (the "Arena") was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code, By-Law No. 19484, as amended. The Committee of Management operates and manages the Arena on behalf of the City of Toronto.

Under the By-Law, the Committee of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Committee over and above that necessary to pay all the charges, costs and expenses resulting from or incidental to the management and control of the premises.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (PSAB).

Revenue recognition

Revenues and expenditures are recorded on an accrual basis, when the service has been provided, evidence of an arrangement exists, the fee is fixed or determinable and the amount is collectible.

Ice rentals paid in advance are recorded as deferred revenue.

Financial instruments

The Arena initially measures its financial assets and financial liabilities at fair value. The Arena subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable and amounts due from City of Toronto.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities, deferred revenue and amounts due to City of Toronto.

Inventories

Inventories held for resale are initially valued at cost and subsequently at the lower of cost and net realizable value. The cost is determined on a first-in, first-out basis.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	4 - 15 years
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Contributed materials and services

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not recorded in these financial statements. Services provided without charge by the City are not recorded in these financial statements.

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Employee related costs

The Arena has adopted the following policy with respect to employee benefit plans:

The City of Toronto offers a multi-employer defined benefit pension plan to the Arena's eligible employees. Due to the nature of the Plan, the Arena does not have sufficient information to account for the Plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

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 revenues and expenses during the reporting period. Management makes accounting estimates when determining useful life of its tangible capital assets, assessing the allowance of doubtful accounts, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

3. INVESTMENTS

Investments consist of a guaranteed investment certificate (GIC) maturing June 20, 2020 and earning interest of 1.29%.

4. GOVERNMENT REMITTANCES PAYABLE

Accounts payable and accrued liabilities includes government remittances of \$18,163 (2018 - \$30,152) collected and outstanding to be remitted by the Arena.

5. DUE FROM (TO) THE CITY OF TORONTO - OPERATING SURPLUS (DEFICIT)

The amount due from the City of Toronto consists of the following:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ (30,688)	\$ 39,499
Operating surplus	(68,149)	(107,156)
Tangible capital asset purchases	74,200	49,385
Amortization of tangible capital assets	(23,978)	(20,816)
Net receivable to the City of Toronto	(17,927)	(78,587)
Paid (received) during the year	<u>(47,899)</u>	<u>8,400</u>
Balance, end of year	\$ <u>(96,514)</u>	\$ <u>(30,688)</u>
The balance at the end of 2019 is comprised of the following:		
2018 operating surplus	\$ (78,587)	
2019 operating surplus	<u>(17,927)</u>	
	\$ <u>(96,514)</u>	

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2019

6. DUE TO CITY OF TORONTO - WORKING CAPITAL ADVANCE

The Committee of Management retains a working capital advance of \$15,000 (2018 - \$15,000) provided by the City, for the management and control of the premises, to be returned to the City upon the Committee of Management ceasing to function for any reason.

7. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment - cost	\$ 303,982	\$ 229,782
Less: accumulated amortization	<u>(133,891)</u>	<u>(109,913)</u>
	<u>\$ 170,091</u>	<u>\$ 119,869</u>

8. VEHICLE AND EQUIPMENT RESERVE CONTRIBUTIONS

These contributions are for the financing of replacement ice resurface machines required by the Arenas in future years. In the year, the contribution was \$22,000 (2018 - \$10,000).

9. EMPLOYEE-RELATED COSTS

The Arena makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of most of its eligible employees. The OMERS Plan (the "Plan") is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rate of pay. Employer contributions to this pension plan amounted to \$34,977 in 2019 (2018 - \$35,264).

The most recent actuarial valuation of the Plan as at December 31, 2019 indicates that the Plan is in a surplus position and the Plan's December 31, 2019 financial statements indicate a net surplus of 1.531 billion (a deficit of \$3.397 billion net against unrecognized investment returns of \$4.928 billion that will be recognized over the next four years). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. The Arena's contributions accounted for an insignificant portion of the Plan's total employer contributions. Additional contributions, if any, required to address the Arena's proportionate share of a deficit will be expensed during the period incurred.

10. SUBSEQUENT EVENT

In mid-March 2020, subsequent to the Arena's year-end, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of COVID-19.

On March 13, 2020, the Arena was closed in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. The Arena reopened for operations August 4, 2020. On November 23, 2020, the Arena was closed again in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. The Arena plans to reopen for operations on December 21, 2020 unless the lockdown is extended.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Arena's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Arena's operations, assets, liabilities, revenues and expenses is not yet known.

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2019

11. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Arena's financial instruments.

Credit risk

The Arena is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Arena's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable and amounts due from City of Toronto. The Arena's cash is held with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Management believes that the Arena's credit risk with respect to accounts receivable and amounts due from City of Toronto is limited. The Arena manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Arena will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities and amounts due to City of Toronto. The Arena manages liquidity risk by monitoring its cash flow requirements on a regular basis. Management believes its overall liquidity risk to be minimal as the Arena's financial assets are considered to be highly liquid.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Arena's financial instruments are denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. As a result, management does not believe the Arena is exposed to interest rate risk as the Centre does not currently have any interest bearing debt.

iii) *Other price risk*

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

Changes in risk

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

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as necessary to conform to the current year's presentation.

COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA
SNACK BAR AND VENDING OPERATIONS
YEAR ENDED DECEMBER 31, 2019

	Budget <u>2019</u> (unaudited)	<u>2019</u>	<u>2018</u>
Sales			
Snack bar and vending	\$ 80,000	\$ 81,403	\$ 84,463
Vending machine	<u>15,000</u>	<u>12,285</u>	<u>13,625</u>
	95,000	93,688	98,088
 Cost of goods sold	 <u>41,500</u>	 <u>41,882</u>	 <u>40,866</u>
 Gross profit	 53,500	 51,806	 57,222
 Expenses			
Wages - snack bar	<u>30,000</u>	<u>36,334</u>	<u>31,448</u>
 Net revenue	 <u>\$ 23,500</u>	 <u>\$ 15,472</u>	 <u>\$ 25,774</u>

December 22, 2020

Committee of Management of Ted Reeve Community Arena
175 Main Street
Toronto, Ontario
M4E 2W2

PRIVATE AND CONFIDENTIAL

Attention: Mr. Michael Haughton

Dear Sir:

Re: Audit of the December 31, 2019 Financial Statements

During the course of our audit of the financial statements of the Committee of Management of Ted Reeve Arena ("the Arena") for the year ended December 31, 2019, we identified some matters which may be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have outlined matters below along with some suggestions for your consideration.

It should be noted that due to the fact that the December 31, 2018 year-end management letter was issued in January 2020, it was not feasible for management to address any of the identified issues from 2018 in 2019. While, issues #1 and #2 have been carried forward from the 2018 management letter, management is of the opinion that these issues have been rectified in 2020.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff.

DEFICIENCIES IN INTERNAL CONTROLS AND OTHER REPORTABLE MATTERS

Issue #1 - Cash Receipts/Ice rental revenue

As part of our testing of the ice rental revenue recognized during the 2018 fiscal year audit, it was observed there were instances where ice rental revenue paid for with cash was not immediately deposited into the Arena's bank accounts. In one instance, the cash received was not deposited for several weeks.

The delay of ice rental deposits leads to a higher risk of theft of the cash if it is not in a secured location. In addition, given that cash payments for ice rentals are recorded as the monies are deposited, there is a higher risk that revenue is not appropriately reported within the financial records in the appropriate period.

It was also observed that the current system of tracking ice usage utilizes a spreadsheet with little access control. As part of our testing of ice rental revenue, we noted instances whereby the schedule did not tie into ice rental revenue recognized, and did not tie into receipts provided to ice rental customers. In addition, the documented rates associated with the ice rental on the worksheet did not tie into the posted or receipted ice rental revenue.

The ice rental schedule represents the list of "inventory" which the Arena is selling, and is the primary source of revenue for the organization. An accurate schedule leads to more accurate reporting of revenue and, by reconciling the ice rental schedule with receipts and to revenue recognized, reduces the risk of lost revenue and fraud.

To reduce these risks, as well as increase the strength of the financial reporting process, we recommend the following process:

- a. Ice booking The ice booking schedule should be as accurate as possible with respect to the customer and associated rate. In addition, an employee's ability to book the ice should be limited - only the general manager and/or an operations manager should be allowed to book ice. In no instance should an employee in finance be allowed to book the ice.
- b. Receipts The majority of ice time bookings are currently paid for by cheque. All other payments should be made by cheque or wire transfer. Cash should no longer be accepted as a form of payment for ice bookings. Technology currently allows customers to make payments through smart phones to other individuals and businesses on the same day. Receipts for payments should be made once payment has been received, and should be issued by an individual in finance. The individual responsible for booking ice should not also be collecting payment, and should not also be issuing receipts for payments.
- c. Reconciliation On a weekly basis, finance personnel should be reconciling the ice rental schedule to ice rental receipts provided to customers, and to revenue recognized within the financial records.

Management's Comments

The Arena is making best efforts to go cashless. When the snack bar reopens, we will be offering debit purchase options. Also, we will extend an additional terminal for staff to have within their work area. Our preference is to be as cashless as possible, with as little in the way of electronics, as it is an added cost to the Arena.

Issue #2 – Employee files

During the 2018 fiscal year audit, it was noted that employee files are not being kept up-to-date with employees current wage rates.

An important aspect of employment files is that they document appropriate approvals of the Board of Directors and senior management regarding salaries and wage rates, roles and responsibilities, and employment start and end dates. This accurate documentation is necessary should disagreements in those areas arise in the future between employees and the Arena.

We recommend that management document the current wage rate for each staff member and that the board review and approve the current wage rates. Employee files should then be updated with the reviewed and approved wage rates.

Management's Comments

Due to the nature of the information, the Board will only deal with it when Board meetings resume. The City is paranoid about sending any personal information via e-mail.

Issue #3 – Accounting software

It is noted that the Arena is using a desktop accounting software for bookkeeping. When using a desktop accounting software, the data is generally stationed on one computer and would be accessible to a single user. In 2019 and early 2020, this was not a huge issue as the bookkeeper would go to the Arena and update the financial records onsite on a regular basis. However, COVID-19 has made this process much more difficult with everyone being forced to work remotely.

We recommend that the Arena consider transitioning to an online accounting software. This would benefit the Arena in a few ways:

- a. Accessibility When collaborating currently, other users won't know what's going on unless the data is shared with them. Online accounting software can be a valuable tool for business decision making as it allows real time access to multiple users at the same time with different restriction controls for each user (i.e. edit, view only). This would mean that the bookkeeper, the General Manager and the directors could have simultaneous access to the books.
- b. Collaboration When collaborating currently, other users won't know what's going on unless the data is shared with them. Online accounting software can be a valuable tool for business decision making as it allows real time access to multiple users at the same time with different restriction controls for each user (i.e. edit, view only). This would mean that the bookkeeper, the General Manager and the directors could have simultaneous access to the books.

Issue #3 – Accounting software (Cont'd)

- | | |
|------------------------|--|
| c. Real Time Reporting | When pulling reports currently, the data is only updated when the bookkeeper has access to the desktop computer. Online accounting software would allow the books to be updated on a more routine basis. This could improve the transparency over the ongoing financial position of the Arena for the General Manager and the directors. |
|------------------------|--|

Management's Comments

The Arena manager solicited advice from Welch to implement changes to accounting software, and will be switching to online bookkeeping for the ease of all parties involved in the recording and production of Arena financials beginning in 2021.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

Welch LLP



Christa Casey, CPA, CA
Partner



Kathy Steffan, CPA, CA
Partner