

**FINANCIAL STATEMENTS**  
**For**  
**COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA**  
**For the year ended**  
**DECEMBER 31, 2020**

## Management's Responsibility for the Financial Statements

The financial statements of the Committee of Management of North Toronto Memorial Arena (the "Arena") are the responsibility of management and have been approved by the Board of Management.

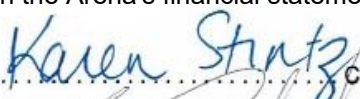
The financial statements have been prepared in compliance with the Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.


The preparation of the 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.

The Arena's management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Arena's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Arena's financial statements.

  
..... Chairperson

  
..... Treasurer

**INDEPENDENT AUDITOR'S REPORT**

To the Council of the Corporation of the

**CITY OF TORONTO AND  
THE COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA**

*Opinion*

We have audited the accompanying financial statements of the Committee of Management of Committee of Management of North Toronto Memorial Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Arena as at December 31, 2020 and 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 Responsibility 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*

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 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  
November 24, 2021.

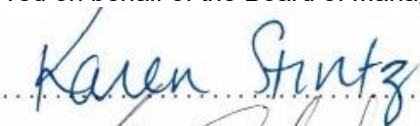

**COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ -	\$ 38,137
Accounts receivable	15,166	121,732
Due from City of Toronto	83,830	-
Due from City of Toronto - operating deficit (note 3)	<u>42,178</u>	<u>-</u>
	<u>141,174</u>	<u>159,869</u>
<b>LIABILITIES</b>		
Bank indebtedness	5,749	-
Due to City of Toronto - other	49,472	-
Accounts payable and accrued liabilities	37,866	124,353
Government remittances payable	8,893	20,722
Due to City of Toronto - operating surplus (note 3)	-	365
Deferred revenue	83,200	57,855
Due to City of Toronto - working capital advance (note 4)	<u>15,000</u>	<u>15,000</u>
	<u>200,180</u>	<u>218,295</u>
<b>NET DEBT</b>	(59,006)	(58,426)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 5)	55,847	59,371
Inventories	<u>59,006</u>	<u>58,426</u>
<b>ACCUMULATED SURPLUS</b>	\$ <u>55,847</u>	\$ <u>59,371</u>

Approved on behalf of the Board of Management:

 .....Chair  
 .....Member

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
<b>Revenue</b>			
Ice rentals	\$ 804,729	\$ 426,065	\$ 745,838
Emergency funding from City of Toronto (note 9)	-	183,830	-
Outdoor rink recoveries (note 6)	119,250	107,207	46,967
Banquet room rentals	33,000	10,421	32,385
Pro shop operations (Schedule A)	14,600	6,295	15,544
Snack bar and vending machine operations (Schedule A)	18,314	(3,562)	10,491
Advertising	18,000	984	20,941
Zamboni replacement - contribution	12,000	4,640	10,619
Arena floor rentals	<u>1,600</u>	<u>-</u>	<u>1,550</u>
	<u>1,021,493</u>	<u>735,880</u>	<u>884,335</u>
<b>Expenses</b>			
Salaries and wages	471,642	368,451	400,229
Employee benefits	139,848	106,202	115,228
Utilities	259,990	194,719	216,774
Maintenance and repairs	76,800	46,578	76,529
General administration	44,268	29,534	38,641
Insurance	11,600	12,724	14,678
Professional fees	5,535	5,900	5,900
Amortization of tangible capital assets	<u>-</u>	<u>6,220</u>	<u>6,040</u>
	<u>1,009,683</u>	<u>770,328</u>	<u>874,019</u>
<b>Excess revenue over expenses (expenses over revenue) before the following</b>	11,810	(34,448)	10,316
<b>Vehicle and equipment reserve contributions (note 7)</b>	<u>(12,000)</u>	<u>(11,619)</u>	<u>(10,619)</u>
<b>Operating deficit</b>	\$ <u>(190)</u>	(46,067)	(303)
<b>Net payable to (receivable from) the City of Toronto (note 3)</b>		<u>42,543</u>	<u>(27)</u>
<b>Annual deficit</b>		(3,524)	(330)
<b>Accumulated surplus, beginning of year</b>		<u>59,371</u>	<u>59,701</u>
<b>Accumulated surplus, end of year, end of year</b>		\$ <u>55,847</u>	\$ <u>59,371</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA**

**STATEMENT OF CHANGES IN NET DEBT**

**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Annual deficit	\$ (3,524)	\$ (330)
Acquisition of tangible capital assets	(2,696)	(5,710)
Amortization of tangible capital assets	6,220	6,040
Purchase of inventories, net	<u>(580)</u>	<u>194</u>
Changes in net debt	(580)	194
Net debt, beginning of year	<u>(58,426)</u>	<u>(58,620)</u>
Net debt, end of year	<u>\$ (59,006)</u>	<u>\$ (58,426)</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (3,524)	\$ (330)
Adjustments for:		
Amortization of tangible capital assets	<u>6,220</u>	<u>6,040</u>
	2,696	5,710
Non-cash changes to operations:		
Accounts receivable	106,566	(52,082)
Due from City of Toronto	(83,830)	-
Due from City of Toronto - operating deficit	(42,178)	-
Due to City of Toronto - other	49,472	(11,264)
Accounts payable and accrued liabilities	(86,487)	42,976
Government remittances payable	(11,829)	1,023
Due from City of Toronto - operating surplus	(365)	(1,121)
Deferred revenue	25,345	50,157
Inventories	<u>(580)</u>	<u>194</u>
	<u>(41,190)</u>	<u>35,593</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(2,696)</u>	<u>(5,710)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(43,886)	29,883
<b>CASH, BEGINNING OF YEAR</b>	<u>38,137</u>	<u>8,254</u>
<b>CASH (BANK INDEBTEDNESS), END OF YEAR</b>	\$ <u>(5,749)</u>	\$ <u>38,137</u>

(See accompanying notes)



# COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### 1. NATURE OF OPERATIONS

The Committee of Management of North Toronto Memorial Arena (the "Arena") was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25 of the City of Toronto Municipal Code, By-Law No.22583, as amended. The Arena is located at 174 Orchardview Boulevard. The Board of Management operates and manages the Arena on behalf of the City of Toronto.

Under the By-Law, the Board of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Board 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") of the Chartered Professional Accountants of Canada.

#### *Revenue recognition*

Revenue 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, accounts receivable and amounts due from the City of Toronto.

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

#### *Inventories*

Inventories held for resale are initially valued at cost and subsequently measured 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:

Machinery and equipment	- 15 years straight line
Leasehold improvements	- 20 years straight line

#### *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 NORTH TORONTO MEMORIAL ARENA**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Employee related costs*

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 the useful life of its tangible capital assets, assessing the allowance of doubtful accounts, recoverability of inventory and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and in any future years affected.

**3. DUE TO (FROM) CITY OF TORONTO - OPERATING SURPLUS (DEFICIT)**

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 365	\$ 1,486
Operating surplus (deficit)	(46,067)	(303)
Purchase of capital assets	(2,696)	(5,710)
Amortization of tangible capital assets	<u>6,220</u>	<u>6,040</u>
Net payable to (receivable from) the City of Toronto	(42,543)	27
Paid during the current year	<u>-</u>	<u>(1,148)</u>
Balance, end of year	\$ <u>(42,178)</u>	\$ <u>365</u>

**4. DUE TO CITY OF TORONTO - WORKING CAPITAL ADVANCE**

The Board of Management retains a working cash advance of \$15,000 (2019 - \$15,000) provided by the City, for the management and control of the premises, to be returned to the City upon the Board of Management ceasing to function for any reason.

**COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2020**

**5. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Machinery and equipment	\$ 90,265	\$ 36,038	\$ 87,569	\$ 30,020
Leasehold improvements	<u>4,049</u>	<u>2,429</u>	<u>4,049</u>	<u>2,227</u>
	94,314	\$ 38,467	91,618	\$ 32,247
Less: accumulated amortization	<u>(38,467)</u>		<u>(32,247)</u>	
	<u>\$ 55,847</u>		<u>\$ 59,371</u>	

**6. OUTDOOR RINK RECOVERIES**

Under an arrangement with the City, the Arena services an artificial outdoor rink located adjacent to the Arena. The Board is reimbursed \$107,207 (2019 - \$46,967) by the City for expenditures incurred in servicing this rink, based upon a budgetary provision, which may not be exceeded without prior approval from the City.

**7. VEHICLE AND EQUIPMENT RESERVE CONTRIBUTIONS**

These contributions are for the financing of replacement ice resurfacer machines required by the Arena in future years. In the year, the contribution was \$11,619 (2019 - \$10,619).

**8. EMPLOYEE-RELATED EXPENSES**

The Arena makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of most of its 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 rates of pay. Employer contributions to this pension plan amounted to \$29,155 (2019 - \$33,428).

The most recent actuarial valuation of the Plan as at December 31, 2020 indicates the Plan is in a deficit position and the Plan's December 31, 2020 financial statements indicate a net deficit of \$7.655 billion (a deficit of \$3.211 billion plus adjustment of \$4.444 billion of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). 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. At this time, the Arena's contributions accounted for an insignificant portion of the Plan's total employer contribution. Additional contributions, if any, required to address the Arena's proportionate share of the deficit will be expensed during the period incurred.

## COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA

### NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

#### 9. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19

In Mid-March 2020, 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 14, 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 10, 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 November 2021.

The Arena received \$183,830 from the City of Toronto as emergency funding to support cash shortfall due to the closure. As at December 31, 2020, \$83,830 (2019 - \$nil) of the emergency funding total was receivable.

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 or the severity of the impact. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity will have on the Arena's operations, assets, liabilities, revenues and expenses are unknown at this time.

#### 10. 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 the City of Toronto. The Arena's cash is 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 the 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 the City of Toronto. The Arena manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Arena believes its overall liquidity risk to be minimal as the Arena's financial assets are considered to be highly liquid.

10. **FINANCIAL INSTRUMENTS** - Cont'd.

*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 rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of 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 all denominated in Canadian dollars and the Arena 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 or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Arena's cash earns interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

iii) *Other price risk*

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

*Changes in risk*

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

## COMMITTEE OF MANAGEMENT OF NORTH TORONTO MEMORIAL ARENA

YEAR ENDED DECEMBER 31, 2020

## SNACK BAR AND VENDING MACHINE OPERATIONS

	Budget (unaudited)	2020	2019
<b>Sales</b>			
Snack bar and vending machine	\$ 85,000	\$ 21,897	\$ 69,753
Cost of goods sold	<u>36,000</u>	<u>13,000</u>	<u>33,299</u>
	<u>49,000</u>	<u>8,897</u>	<u>36,454</u>
<b>Expenses</b>			
Wages	29,486	12,352	25,936
Maintenance	<u>1,200</u>	<u>107</u>	<u>27</u>
	<u>30,686</u>	<u>12,459</u>	<u>25,963</u>
<b>Excess revenue over expenses (expenses over revenue)</b>	<u>\$ 18,314</u>	<u>\$ (3,562)</u>	<u>\$ 10,491</u>

## PRO SHOP OPERATIONS

	Budget (unaudited)	2020	2019
<b>Sales</b>			
Pro shop sales	\$ 33,000	\$ 15,577	\$ 32,621
Cost of goods sold	<u>12,000</u>	<u>5,641</u>	<u>11,542</u>
	<u>21,000</u>	<u>9,936</u>	<u>21,079</u>
<b>Expenses</b>			
Wages	5,400	2,850	5,500
Equipment maintenance	<u>1,000</u>	<u>791</u>	<u>35</u>
	<u>6,400</u>	<u>3,641</u>	<u>5,535</u>
<b>Excess revenue over expenses</b>	<u>\$ 14,600</u>	<u>\$ 6,295</u>	<u>\$ 15,544</u>

January 10, 2022

Committee of Management of North Toronto Memorial Arena  
174 Orchard View Boulevard  
Toronto, Ontario  
M4R 1C3

**PRIVATE AND CONFIDENTIAL**

Attention: Mr. Eric Anweiler

Dear Sir:

**Re: Audit of the December 31, 2020 Financial Statements**

During the course of our audit of the financial statements of the Committee of Management of North Toronto Memorial Arena ("the Arena") for the year ended December 31, 2020, 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.

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.

## **OTHER DEFICIENCIES IN INTERNAL CONTROLS AND OTHER REPORTABLE MATTERS**

### **Issue #1 - Indication of Review of Payroll Registers**

During the course of our audit, we noted that the Arena Manager prepares and submits the payroll but there is no review of the Arena's payroll registers by someone other than the Arena Manager. Without a review by someone other than the preparer of the payroll, errors in the payroll can exist and go undetected. We recommend that the payroll registers be reviewed by the Treasurer for reasonableness and that the payroll register be initialed when reviewed to provide evidence of the review.

#### *Management's Comments*

No comments provided by Management.

### **Issue #2 - Indication of Review of Bank Reconciliations**

During the course of our audit, we noted that bank reconciliations are being prepared on a monthly basis but there is no evidence that the reconciliations are being reviewed and approved. Without reviews, errors in the accounting records and bank balances could go undetected over many months. The accounting records should be monitored on a regular basis to identify whether there are inaccuracies or miscalculations in the reconciliations and bank statements. We recommend that bank reconciliations be reviewed on a monthly basis by someone who is independent from the preparation of the reconciliations and that the reconciliation be initialed when reviewed to provide evidence of the review.

#### *Management's Comments*

No comments provided by Management.

### **Issue #3 - Manual Accounting Records**

During the course of our audit, we noted that all the Arena's bookkeeping is manually prepared and all accounting records are retained in hardcopy format. Preparing and retaining purely hardcopy format accounting records is prone to human error in data entry and calculations, and manual manipulation. We recommend that accounting software be implemented to reduce aforementioned risks.

#### *Management's Comments*

No comments provided by Management.



We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit.

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**

A handwritten signature in black ink that reads "Christa Casey". The signature is written in a cursive style with a large initial "C".

Christa Casey, CPA, CA  
Partner

A handwritten signature in black ink that reads "Kathy Steffan". The signature is written in a cursive style with a large initial "K".

Kathy Steffan, CPA, CA  
Partner