

**FINANCIAL STATEMENTS**  
**For**  
**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**For the year ended**  
**DECEMBER 31, 2021**

**Management's Responsibility for the Financial Statements**

The financial statements of the Committee of Management of Ted Reeve Community Arena (the "Arena") are the responsibility of management and have been approved by the Committee 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 Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Committee 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

  
..... Vice-Chairperson

  
..... Treasurer

**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, 2021, 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, 2021 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.

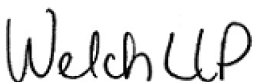
## *Auditor's Responsibilities for the Audit of the Financial Statements*

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  
January 10, 2023.

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 264,398	\$ 167,681
Accounts receivable	130,441	130,604
Due from City of Toronto - operating deficit (note 4)	<u>-</u>	<u>59,564</u>
	<u>394,839</u>	<u>357,849</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 3)	197,074	146,927
Deferred revenue	33,600	199,530
Due to City of Toronto - operating surplus (note 4)	149,382	-
Due to City of Toronto - working capital advance (note 5)	<u>15,000</u>	<u>15,000</u>
	<u>395,056</u>	<u>361,457</u>
<b>NET DEBT</b>	<u>(217)</u>	<u>(3,608)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 6)	198,513	227,439
Inventories	217	1,367
Prepaid expenses	<u>-</u>	<u>2,241</u>
	<u>198,730</u>	<u>231,047</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 198,513</u>	<u>\$ 227,439</u>

Approved by the Board:

*S. McLeod*

..... Chairperson

*Don D...*

..... Vice-Chairperson

*Ken T...*

..... Treasurer

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2021**

	Budget 2021 (unaudited)	2021	2020
<b>Revenue</b>			
Ice rentals	\$ 965,000	\$ 765,136	\$ 788,184
Emergency fund - City of Toronto (note 10)	-	243,000	78,587
Snack bar and vending machine operations (Schedule A)	7,500	(1,150)	(2,650)
Lacrosse and summer rentals	63,000	2,520	3,761
Meeting room rentals (note 8)	84,000	84,000	84,000
Other	<u>11,000</u>	<u>16,372</u>	<u>15,274</u>
	<u>1,130,500</u>	<u>1,109,878</u>	<u>967,156</u>
<b>Expenses</b>			
Salaries and wages	525,000	418,524	456,013
Employee benefits (note 9)	118,364	102,371	106,270
Utilities	242,750	182,727	183,183
Maintenance and repairs	141,600	125,906	176,774
General administration	66,350	32,336	62,005
Insurance	14,000	1,258	13,828
Professional fees	19,000	13,810	18,670
Amortization	<u>8,000</u>	<u>28,926</u>	<u>26,143</u>
	<u>1,135,064</u>	<u>905,858</u>	<u>1,042,886</u>
<b>Excess revenue over expenses (expenses over revenue) before items below</b>	(4,564)	204,020	(75,730)
Vehicle and equipment reserve contribution (note 7)	<u>(23,000)</u>	<u>(24,000)</u>	<u>(23,000)</u>
<b>Operating surplus (deficit)</b>	\$ <u>(27,564)</u>	180,020	(98,730)
<b>Net expenditure receivable from (revenue payable to) the City of Toronto (note 4)</b>		<u>(208,946)</u>	<u>156,078</u>
<b>Annual surplus (deficit)</b>		(28,926)	57,348
<b>Accumulated surplus, beginning of year</b>		<u>227,439</u>	<u>170,091</u>
<b>Accumulated surplus, end of year</b>		\$ <u>198,513</u>	\$ <u>227,439</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**STATEMENT OF CHANGES IN NET DEBT**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
Annual surplus (deficit)	\$ (28,926)	\$ 57,348
Acquisition of tangible capital assets	-	(83,491)
Amortization of tangible capital assets	28,926	26,143
Purchase of inventories, net	(1,150)	(4,007)
Prepaid expenses	<u>(2,241)</u>	<u>(24,004)</u>
Change in net debt	(3,391)	(28,011)
Net debt, beginning of year	<u>3,608</u>	<u>31,619</u>
Net debt, end of year	<u>\$ 217</u>	<u>\$ 3,608</u>

(See accompanying notes)

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (28,926)	\$ 57,348
Adjustment:		
Amortization of tangible capital assets	<u>28,926</u>	<u>26,143</u>
	-	83,491
Non-cash changes to operations:		
Accounts receivable	163	(40,808)
Due from City of Toronto - operating deficit	59,564	(59,564)
Inventories	1,150	4,007
Accounts payable and accrued liabilities	50,147	(40,905)
Deferred revenue	(165,930)	(9,115)
Due to City of Toronto - operating surplus	149,382	(96,514)
Prepaid expenses	<u>2,241</u>	<u>24,004</u>
	<u>96,717</u>	<u>(135,404)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from sale (purchase) of investments	<u>-</u>	<u>75,514</u>
<b>CASH FLOWS USED IN CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	<u>-</u>	<u>(83,491)</u>
<b>INCREASE (DECREASE) IN CASH</b>	96,717	(143,381)
<b>CASH, BEGINNING OF YEAR</b>	<u>167,681</u>	<u>311,062</u>
<b>CASH, END OF YEAR</b>	\$ <u>264,398</u>	\$ <u>167,681</u>

(See accompanying notes)



COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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") of the Chartered Professional Accountants of Canada.

*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, 2021**

**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. GOVERNMENT REMITTANCES PAYABLE**

Accounts payable and accrued liabilities includes government remittances of \$49,284 (2020 - \$19,975) collected and outstanding to be remitted by the Arena.

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

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 59,564	\$ (96,514)
Operating surplus (deficit)	(180,020)	98,730
Tangible capital asset purchases	-	83,491
Amortization of tangible capital assets	<u>(28,926)</u>	<u>(26,143)</u>
Net receivable to the City of Toronto	<u>(208,946)</u>	<u>156,078</u>
Balance, end of year	\$ <u>(149,382)</u>	\$ <u>59,564</u>

The balance at the end of 2021 is comprised of the following:

	<u>2021</u>	<u>2020</u>
2018 operating surplus	\$ (78,587)	\$ (78,587)
2019 operating surplus	(17,927)	(17,927)
2020 operating deficit	156,078	156,078
2021 operating surplus	<u>(208,946)</u>	<u>-</u>
	\$ <u>(149,382)</u>	\$ <u>59,564</u>

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

The Committee of Management retains a working capital advance of \$15,000 (2020 - \$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.

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**

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

**YEAR ENDED DECEMBER 31, 2021**

**6. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment - cost	\$ 314,266	\$ 314,266
Less: accumulated amortization	<u>(115,753)</u>	<u>(86,827)</u>
	<u>\$ 198,513</u>	<u>\$ 227,439</u>

**7. 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 \$24,000 (2020 - \$23,000).

**8. CONTRACTUAL RIGHTS**

In December 2018, the Arena entered into a 5-year lease agreement with Community Centre 55, commencing on February 1, 2018 and ending January 31, 2023. Community Centre 55 has agreed to pay the Arena the following minimum annual guaranteed payments:

2022	\$ 84,000
2023	<u>7,000</u>
	<u>\$ 91,000</u>

**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 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 \$34,864 in 2021 (2020 - \$35,336).

The most recent actuarial valuation of the Plan as at December 31, 2021 indicates the Plan is in a deficit position and the Plan's December 31, 2021 financial statements indicate a net deficit of \$69 million (a deficit of \$3.131 billion plus adjustment of \$3.062 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's 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.

**10. 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.

The Arena was closed to the public for the majority of 2020 in response to the quarantine measures implemented by the provincial government to stop the spread of COVID-19. It had various reopenings and closures in 2021 but closed again in January 2022. As of March 1, 2022, the Arena reopened and is operating at regular hours.

The Arena received \$243,000 (2020 - \$78,587) from the City of Toronto as emergency funding to support cash shortfall due to the closure.

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.

**COMMITTEE OF MANAGEMENT OF TED REEVE COMMUNITY ARENA**  
**SNACK BAR AND VENDING OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2021**

	Budget 2021 (unaudited)	2021	2020
<b>Sales</b>			
Snack bar and vending	\$ 39,000	\$ -	\$ 23,973
Vending machine	<u>7,000</u>	<u>-</u>	<u>3,433</u>
	46,000	-	27,406
<b>Cost of goods sold</b>	<u>20,500</u>	<u>1,150</u>	<u>15,886</u>
<b>Gross profit</b>	25,500	(1,150)	11,520
<b>Expenses</b>			
Wages - snack bar	<u>18,000</u>	<u>-</u>	<u>14,170</u>
<b>Net revenue (expense)</b>	<u>\$ 7,500</u>	<u>\$ (1,150)</u>	<u>\$ (2,650)</u>

January 10, 2023

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

**PRIVATE AND CONFIDENTIAL**

Attention: Mr. Michael Haughton,  
Arena Manager

Dear Sir:

**Re: Audit of the December 31, 2021 Financial Statements**

During the course of our audit of the financial statements for the year ended December 31, 2021, 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. Our letter identifies other deficiencies in internal controls and reportable matters.

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. We have discussed the matters in this report with you and received your comments thereon.

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

### **Issue #1 - 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. While management was of the opinion that this issue was rectified in 2020, we believe it is still applicable to 2021.

### **Management's Comments**

As the Board is not physically meeting, matters of personnel are somewhat difficult to handle virtually, due to Privacy matters.

The issue of wages, as they pertain to Staff, were dealt with October 2022, which involved the Board reviewing wages and approving wages, from 2020 and including 2023. Wages are adjusted every year in the software for payroll. Document was provided.

### **Issue #2 - Review and approval of bank reconciliations**

During the 2021 fiscal audit, we noted that bank reconciliations are being prepared on a monthly basis however 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 the Arena Manager or someone else independent from the preparation of the reconciliations and that the reconciliations be initialed when reviewed to provide evidence of the review.

### **Management's Comments**

Bank reconciliations are prepared monthly by an external bookkeeper and reviewed by Arena Manager. Additionally, our November 2021 and December 2021 were reviewed and approved by our external accountant, who has CPA and CA credentials.

**OTHER DEFICIENCIES IN INTERNAL CONTROLS AND OTHER REPORTABLE MATTERS - Cont'd.**

**Issue #3 - Approval of timesheets**

During the 2021 fiscal audit, we noted that there was no evidence of review and approval of employee timesheets. Without reviews, errors in hours reported could go undetected. The timesheets should be reviewed and approved to ensure that salaries and wages are paid for hours actually worked. We recommend that timesheets for each employee be reviewed on a bi-weekly basis in advance of each payroll run and that the timesheets be initialed when reviewed to provide evidence of review.

**Management's Comments**

Timesheets are filled in by Staff, daily, then reviewed by internal bookkeeper, who then transfers information to Excel sheets, both are reviewed by the Manager, and original sheets are initialed by Manager, who then authorizes payroll to be processed by the bookkeeper. The method of check and balance has been in place since 2017.

**Issue #4 - Review of aged receivables for bad debt**

During the 2021 fiscal audit, we noted that there were some old receivable balances which management indicated were unlikely to be collectible. Receivable balances should be reviewed on a monthly basis for collections and identification of any uncollectible amounts. Without reviews, the receivable balances reported could be overstating the true amounts likely to be collected. We recommend that the aged receivables report be reviewed on a monthly basis by the Arena Manager to determine whether an allowance for doubtful accounts should be setup for bad debt.

**Management's Comments**

The amount of "bad debt" is negligible, however, collection of bad debt is never neglected or written off. Those that owe money, at some point will use the facility and will pay. After 4-5 years, debt might be written off.

The \$1,827 that could be considered bad debt for 2021 represents 00.20% of 2021 revenue.

Arena Management will strive to work more diligently to prevent bad debt, as this is the highest amount incurred in decades. Bad debt has been historically 00.00%.

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

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