

**FINANCIAL STATEMENTS**  
**For**  
**BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA**  
**For the year ended**  
**DECEMBER 31, 2021**

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

The financial statements of the Board of Management of William H. Bolton Arena (the "Arena") are the responsibility of management and have been approved by the Board.

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.

*Craig Cameron*

..... Chairperson

*Richard Bonnet*

..... Treasurer

**INDEPENDENT AUDITOR'S REPORT**

To the Council of the Corporation of the

**CITY OF TORONTO AND  
BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA**

*Opinion*

We have audited the accompanying financial statements of the Board of Management of William H. Bolton 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 respects, 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 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  
November 17, 2022.

**BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 176,152	\$ 206,924
Accounts receivable	-	3,346
Government remittances receivable	3,856	13,535
Due from the City of Toronto - operating deficit (note 3)	<u>102,322</u>	<u>228,669</u>
	<u>282,330</u>	<u>452,474</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	60,353	85,466
Deferred revenue	226,708	371,739
Due to City of Toronto - working capital advance (note 4)	<u>10,000</u>	<u>10,000</u>
	<u>297,061</u>	<u>467,205</u>
<b>NET DEBT</b>	14,731	14,731
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 5)	4,502	10,194
Inventories	12,005	12,005
Prepaid expenses	<u>2,726</u>	<u>2,726</u>
	<u>19,233</u>	<u>24,925</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 4,502</u>	<u>\$ 10,194</u>

Approved on behalf of the Committee of Management:

*Craig Cameron*

.....Chair

*Richard Borner*

.....Member

(See accompanying notes)

**BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2021**

	<u>Budget</u> (unaudited)	<u>2021</u>	<u>2020</u>
<b>Revenue</b>			
Program registration	\$ 467,649	\$ 485,613	\$ 290,505
Emergency fund - City of Toronto (note 9)	-	344,130	220,000
Ice rentals	173,638	97,856	102,338
Pro shop operations (Schedule A)	21,189	17,669	18,849
Snack bar and vending machine operations (Schedule A)	6,279	1,126	6,438
Other	2,990	-	1,364
Interest	-	-	387
	<u>671,745</u>	<u>946,394</u>	<u>639,881</u>
<b>Expenses</b>			
Salaries and wages	399,796	405,379	391,620
Utilities	184,417	105,549	126,586
Employee benefits	104,601	100,409	100,797
Program material and supplies	125,030	78,109	71,441
General administration	137,740	58,738	66,809
Repairs and maintenance	40,000	51,680	63,111
Professional fees	8,500	16,090	10,359
Amortization of tangible capital assets	-	5,692	7,213
Insurance	1,783	1,263	13,658
	<u>1,001,867</u>	<u>822,909</u>	<u>851,594</u>
<b>Excess revenue over expenses (expenses over revenue) before items below</b>	(330,122)	123,485	(211,713)
Vehicle and equipment reserve contribution (note 6)	<u>(14,000)</u>	<u>(14,000)</u>	<u>(13,000)</u>
<b>Operating surplus (deficit)</b>	\$ <u>(344,122)</u>	109,485	(224,713)
<b>Net receivable (payable) to/from the City of Toronto (note 3)</b>		<u>(115,177)</u>	<u>217,500</u>
<b>Annual deficit</b>		(5,692)	(7,213)
<b>Accumulated surplus, beginning of year</b>		<u>10,194</u>	<u>17,407</u>
<b>Accumulated surplus, end of year</b>		\$ <u>4,502</u>	\$ <u>10,194</u>

(See accompanying notes)

**BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA**  
**STATEMENT OF CHANGES IN NET DEBT**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Budget</u> (unaudited)	<u>2021</u>	<u>2020</u>
Annual deficit	\$ (5,692)	\$ (5,692)	\$ (7,213)
Amortization of tangible capital assets	5,692	5,692	7,213
Purchase of inventories, net	<u>-</u>	<u>-</u>	<u>3,804</u>
Changes in net debt	<u>\$ -</u>	-	3,804
Net debt, beginning of year		<u>(14,731)</u>	<u>(18,535)</u>
Net debt, end of year		<u>\$ (14,731)</u>	<u>\$ (14,731)</u>

(See accompanying notes)

**BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (5,692)	\$ (7,213)
Adjustments:		
Amortization of tangible capital assets	5,692	7,213
Accrued investment interest	<u>-</u>	<u>(387)</u>
	-	(387)
Non-cash changes to operations:		
Accounts receivable	3,346	(3,346)
Government remittances receivable	9,679	(3,997)
Due from the City of Toronto - operating deficit	126,347	(54,967)
Accounts payable and accrued liabilities	(25,113)	29,920
Deferred revenue	(145,031)	4,923
Inventories	<u>-</u>	<u>3,804</u>
	<u>(30,772)</u>	<u>(24,050)</u>
<b>INVESTING ACTIVITIES</b>		
Sale of investments	-	208,423
Purchase of investments	<u>-</u>	<u>(104,102)</u>
	<u>-</u>	<u>104,321</u>
<b>INCREASE (DECREASE) IN CASH</b>	(30,772)	80,271
<b>CASH, BEGINNING OF YEAR</b>	<u>206,924</u>	<u>126,653</u>
<b>CASH, END OF YEAR</b>	\$ <u>176,152</u>	\$ <u>206,924</u>

(See accompanying notes)



**BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2021**

**1. NATURE OF OPERATIONS**

The Board of Management of William H. Bolton 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. 318-71, as amended. 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*

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, hockey schools and camp fees received 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, investments, accounts receivable and amounts due from the City of Toronto.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to City of Toronto - working capital advance.

*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	5 years straight line
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*Inventories*

Inventories held for resale are initially recorded 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.

*Contributed materials and services*

Major capital expenditures are financed by the City of Toronto, who 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. Other contributed materials and services are not recognized in the financial statements due to difficulty of determining their fair value.

**BOARD OF MANAGEMENT OF WILLIAM H. BOLTON 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:

(a) The City of Toronto offers a multi-employer defined benefit pension plan (the "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.

(b) The Arena offered to its eligible employees a sick leave benefit until December 31, 2012, which vested and was calculated at the salary levels in effect at the end of each year for all unused vested sick pay credit accruing to employees. The Arena accrued for the accumulated and unused vested sick leave benefits as at December 31, 2012 for those employees that were grandfathered.

*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. DUE FROM THE CITY OF TORONTO - OPERATING DEFICIT**

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 228,669	\$ 173,702
Operating surplus (deficit)	(109,485)	224,713
Amortization of tangible capital assets	<u>(5,692)</u>	<u>(7,213)</u>
Net receivable to the City of Toronto	<u>(115,177)</u>	<u>217,500</u>
Amounts received during the current year	<u>(11,170)</u>	<u>(162,533)</u>
Balance, end of year	\$ <u>102,322</u>	\$ <u>228,669</u>

The Due from City of Toronto balance is comprised of:

	<u>2021</u>	<u>2020</u>
2019 deficit receivable	\$ -	\$ 11,170
2020 deficit receivable	217,499	217,499
2021 surplus payable	<u>(115,177)</u>	<u>-</u>
	\$ <u>102,322</u>	\$ <u>228,669</u>

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

The Board of Management retains a working capital advance 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.

BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

5. **TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 98,111	\$ 98,111
Less: accumulated amortization	<u>(93,609)</u>	<u>(87,917)</u>
	<u>\$ 4,502</u>	<u>\$ 10,194</u>

6. **VEHICLE AND EQUIPMENT REPLACEMENT RESERVE**

These contributions are for the financing of replacement ice resurfacer machines required by the Arenas in the future years. In the year, the contribution was \$14,000 (2020 - \$13,000).

7. **EMPLOYEE-RELATED COSTS**

The Arena makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employed 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 rates of pay. Employer contributions to this pension plan amounted to \$25,014 in 2021 (2020 - \$28,065).

The most recent actuarial valuation of the Plan as at December 31, 2021 indicates that 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 less adjustment of \$3.062 billion of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over the next 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.

8. **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 these items to be remote. Management believes that the Arena's credit risk with respect to accounts receivable is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

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

*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 amount due to the 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. 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.

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 the coronavirus disease. The Arena was closed to the public for the majority of the year in response to the quarantine measures implemented by the provincial government to stop the spread of the virus.

The Arena received \$344,130 (2020 - \$220,000) from the City of Toronto as emergency funding to support cash shortfall due to the closure.

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.

**BOARD OF MANAGEMENT OF WILLIAM H. BOLTON ARENA**  
**YEAR ENDED DECEMBER 31, 2021**

**SNACK BAR AND VENDING MACHINE OPERATIONS**

	<u>Budget</u> (unaudited)	<u>2021</u>	<u>2020</u>
<b>Sales</b>			
Snack bar	\$ 21,663	\$ 922	\$ 20,783
Vending machine	<u>4,001</u>	<u>1,561</u>	<u>2,307</u>
	25,664	2,483	23,090
<b>Cost of goods sold</b>	<u>19,385</u>	<u>1,357</u>	<u>16,652</u>
<b>Gross profit</b>	<u>\$ 6,279</u>	<u>\$ 1,126</u>	<u>\$ 6,438</u>

**PRO SHOP OPERATIONS**

	<u>Budget</u> (unaudited)	<u>2021</u>	<u>2020</u>
<b>Sales</b>			
Pro shop sales	\$ 24,694	\$ 18,519	\$ 12,669
Skate sharpening	<u>20,367</u>	<u>12,203</u>	<u>14,801</u>
	45,061	30,722	27,470
<b>Cost of goods sold</b>	<u>23,872</u>	<u>13,053</u>	<u>8,621</u>
<b>Gross profit</b>	<u>\$ 21,189</u>	<u>\$ 17,669</u>	<u>\$ 18,849</u>

September 15, 2022

Board of Management of William H. Bolton Arena  
40 Rossmore Road  
Toronto, Ontario  
M6G 2M7

**PRIVATE AND CONFIDENTIAL**

Attention: Mr. Mario Carpino, 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 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. We have discussed the matters in this report with management and received his comments thereon.

## **OTHER REPORTABLE MATTERS**

### **Issue #1 - No Adjustment to Inventory as Goods Are Purchased/Sold**

During the course of our 2021 fiscal audit, we noted that when pro shop or snack bar inventory is purchased, the cost expensed in the income statement rather than added to the inventory balance. Once the sale of the inventory occurs, the sale is recorded as a credit to the revenue account but no entry to reduce inventory. This leads to inaccurate accounting records surrounding inventory balances and related expenses. We recommend adjusting inventory balances as inventory is purchased or sold. Once the sale occurs, the cost of goods sold expense account should be used to reflect the cost of the inventory sold in the income statement. This recommendation was previously reported on our management letter as part of the 2020 audit.

### **Issue #2 - No Undeposited Items Account Reconciliation**

During the course of our 2021 fiscal audit, we noted that cash receipts and deposits are being processed through the accounting records using a clearing account called "undeposited items". During our audit we determined that this account was not being reconciled on a regular basis and as a result there had been revenue not recorded in the accounting records but the deposit of the cash receipt had been. We recommend that the undeposited items account be reconciled on a monthly basis to ensure proper cut-off of transactions.

### **Issue #3 - Incorrect Prepaids Recorded**

During the course of our 2021 fiscal audit, we noted that the prepaids listed on the statement of financial position are not accurate. Care should be taken to ensure that the proportion of expenses that related to the current fiscal year are expensed and the proportion that relates to the next fiscal year be set up as a prepaid to ensure proper cut off is occurring.

### **Issue #4 - No Petty Cash Account Reconciliation**

During the course of our 2021 fiscal audit, we noted that petty cash has not been tracked on an on-going basis nor is it being reconciled. We recommend that petty cash reconciliations be used monthly or every time the petty cash is replenished, which reconcile the petty cash balance maintained against the receipts and actual petty cash on hand per a petty cash count. The total amount of the receipts should then agree to the replenishment cheque.

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