

FINANCIAL STATEMENTS
For
COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA
For the year ended
DECEMBER 31, 2022

Management's Responsibility for the Financial Statements

The financial statements of the Committee of Management of Larry Grossman Forest Hill Memorial Arena (the "Arena") are the responsibility of management and have been approved by the Committee of Management.

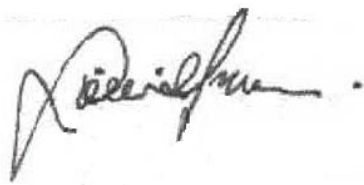
The financial statements have been prepared in compliance with the Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the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

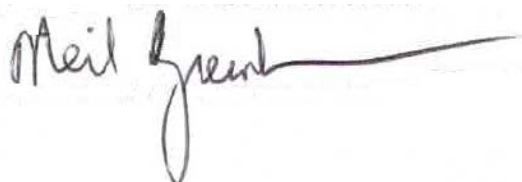
The Arena's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Committee of Management 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



.....Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND
COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA**

We have audited the accompanying financial statements of the Committee of Management of Larry Grossman Forest Hill Memorial Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2022, and the 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 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, 2022 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
February 1, 2024.

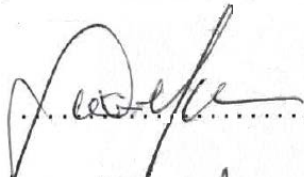
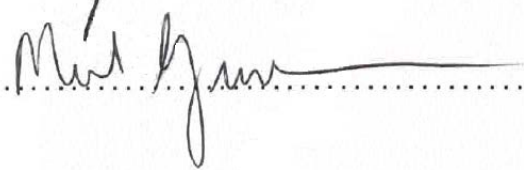
COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash	\$ 57,822	\$ 26,963
Accounts receivable	114,227	64,901
Due from City of Toronto - operating deficit (note 3)	<u>-</u>	<u>27,622</u>
	<u>172,049</u>	<u>119,486</u>
LIABILITIES		
Accounts payable and accrued liabilities	153,596	105,649
Due to City of Toronto - operating surplus (note 3)	10,185	-
Deferred revenue	19,271	25,205
Due to City of Toronto - working capital advance (note 4)	<u>10,000</u>	<u>10,000</u>
	<u>193,052</u>	<u>140,854</u>
NET DEBT	<u>(21,003)</u>	<u>(21,368)</u>
NON-FINANCIAL ASSETS		
Inventories	21,003	21,368
Tangible capital assets (note 5)	<u>132,745</u>	<u>7,146</u>
	<u>153,748</u>	<u>28,514</u>
ACCUMULATED SURPLUS	<u>\$ 132,745</u>	<u>\$ 7,146</u>

Approved on behalf of the Committee of Management:

Chair
Member

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u> (unaudited)	<u>2022</u>	<u>2021</u>
Revenue			
Ice rentals	\$ 1,070,000	\$ 1,144,995	\$ 603,145
Emergency funding from City of Toronto (note 8)	150,000	165,000	330,000
Snack bar and vending machine operations (Schedule A)	20,000	44,925	10,110
Pro shop operations (Schedule A)	12,000	25,025	7,374
Other	<u>18,000</u>	<u>28,366</u>	<u>19,226</u>
	<u>1,270,000</u>	<u>1,408,311</u>	<u>969,855</u>
Expenses			
Salaries and wages	612,000	541,930	517,827
Utilities	280,000	250,941	227,911
Employee benefits	137,000	112,567	108,305
Maintenance and repairs	85,000	215,932	67,435
General administration	99,000	82,751	26,422
Professional fees	21,000	29,811	19,500
Amortization	1,307	7,146	9,928
Insurance	<u>13,000</u>	<u>3,640</u>	<u>263</u>
	<u>1,248,307</u>	<u>1,244,718</u>	<u>977,591</u>
Net revenue over expenses before items below	21,693	163,593	(7,736)
Vehicle and equipment replacement reserve contribution (note 7)	<u>(13,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>
Operating surplus / (deficit)	<u>\$ 8,693</u>	148,593	(22,736)
Net expenditure receivable / (payable) from / (to) the City of Toronto (note 3)		<u>(22,994)</u>	<u>12,808</u>
Annual surplus / (deficit)		125,599	(9,928)
Accumulated surplus, beginning of year		<u>7,146</u>	<u>17,074</u>
Accumulated surplus, end of year		<u>\$ 132,745</u>	<u>\$ 7,146</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Annual surplus (deficit)	\$ 125,599	\$ (9,928)
Acquisition of tangible capital assets	(132,745)	
Amortization of tangible capital assets	7,146	9,928
Utilization (purchase) of inventories, net	<u>365</u>	<u>(4,435)</u>
Changes in net debt	365	(4,435)
Net debt, beginning of year	<u>(21,368)</u>	<u>(16,933)</u>
Net debt, end of year	\$ <u>(21,003)</u>	\$ <u>(21,368)</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Annual surplus / (deficit)	\$ 125,599	\$ (9,928)
Adjustments for:		
Amortization of tangible capital assets	<u>7,146</u>	<u>9,928</u>
	132,745	-
Non-cash changes to operations:		
Accounts receivable	(49,326)	(54,167)
Inventories	365	(4,435)
Accounts payable and accrued liabilities	47,947	72,300
Due to City of Toronto - operating deficit	37,807	(8,966)
Deferred revenue	<u>(5,934)</u>	<u>(36,744)</u>
	163,604	(32,012)
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(132,745)</u>	<u>-</u>
	<u>(132,745)</u>	<u>-</u>
INCREASE / (DECREASE) IN CASH	30,859	(32,012)
CASH, BEGINNING OF YEAR	<u>26,963</u>	<u>58,975</u>
CASH, END OF YEAR	\$ <u>57,822</u>	\$ <u>26,963</u>

(See accompanying notes)

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

The Committee of Management of Larry Grossman Forest Hill 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. 361-70 of the former Village of Forest Hill, as amended. The Committee of Management operates and manages the Arena on behalf of the City of Toronto (the "City").

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

Ice rental revenues are recognized on the event date. Snack bar and pro shop sales are recognized at the time of sale. Ice rental fees paid in advance are recorded as deferred revenues.

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 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, Fixture, and equipment	5 years straight line
-----------------------------------	-----------------------

Contributed materials and services

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

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

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

Employee related costs

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

The City 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.

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 to (from) the City of Toronto consists of the following:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 27,622	\$ 18,656
Current year's operating (surplus) deficit	(148,593)	22,736
Current year's tangible capital assets purchase	132,745	-
Current year's amortization	<u>(7,146)</u>	<u>(9,928)</u>
Net balance payable to the City of Toronto	<u>(22,994)</u>	<u>12,808</u>
Received (paid) during the current year	<u>(14,814)</u>	<u>(3,842)</u>
Balance, end of year	\$ (10,185)	\$ 27,622
The due from/ (to) the City of Toronto balance is comprised of:		
2020 deficit	\$ -	\$ 14,814
2021 deficit	12,808	12,808
2022 surplus	<u>(22,994)</u>	<u>-</u>
	\$ (10,185)	\$ 27,622

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

The Arena retains a working cash advance provided by the City, for the management and control of the premises, to be returned to the City upon the Arena ceasing to function for any reason.

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

5. **TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2022</u>	<u>2021</u>
Furniture, Fixtures, and equipment - beginning cost	\$ 70,669	\$ 70,669
Add: net acquisition	125,599	-
Less: accumulated amortization	<u>(63,523)</u>	<u>(63,523)</u>
	<u>\$ 132,745</u>	<u>\$ 7,146</u>

6. **EMPLOYEE-RELATED COST**

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 \$25,955 in 2022 (2021 - \$26,898).

The most recent actuarial valuation of the Plan as at December 31, 2022 indicates the Plan is in a deficit position and the Plan's December 31, 2022 financial statements indicate a net deficit of \$6.1 billion (a deficit of \$6.678 billion plus adjustment of \$0.578 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.

7. **VEHICLE AND EQUIPMENT REPLACEMENT RESERVE**

These contributions are for the financing of replacement ice resurface machines required by the Arenas in future years. The contribution for the year was \$15,000 (2021 - \$15,000).

8. **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 \$165,000 (2021 - \$330,000) from the City of Toronto as emergency funding to support cash shortfall due to the closure.

9. **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.

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. 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 Arena 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.

COMMITTEE OF MANAGEMENT OF LARRY GROSSMAN FOREST HILL MEMORIAL ARENA
YEAR ENDED DECEMBER 31, 2022

SNACK BAR AND VENDING MACHINE OPERATIONS

	<u>Budget</u> (unaudited)	<u>2022</u>	<u>2021</u>
Snack bar sales	\$ 45,000	\$ 91,788	\$ 20,036
Cost of goods sold	<u>25,000</u>	<u>46,863</u>	<u>9,926</u>
Gross profit	<u>\$ 20,000</u>	<u>\$ 44,925</u>	<u>\$ 10,110</u>

PRO SHOP OPERATIONS

	<u>Budget</u> (unaudited)	<u>2022</u>	<u>2021</u>
Pro shop sales	\$ 24,000	\$ 37,060	\$ 11,746
Cost of goods sold	<u>12,000</u>	<u>12,035</u>	<u>4,372</u>
Gross profit	<u>\$ 12,000</u>	<u>\$ 25,025</u>	<u>\$ 7,374</u>

November 22, 2023

Committee of Management of Larry Grossman Forest Hill Memorial Arena
340 Chaplin Crescent
Toronto, Ontario
M5N 2N3

PRIVATE AND CONFIDENTIAL

Attention: Mr. Justin Barnes,
Arena Manager

Dear Sir:

Re: Audit of the Saturday, December 31, 2022 Financial Statements

During the course of our audit of the financial statements for the year ended December 31, 2022, 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 - Unreconciled differences in bank reconciliations

During the 2022 fiscal audit, we noted that the bank account which is used for daily operations is reconciled on a monthly basis but that the reconciliation at year-end contained an unreconciled difference. Bank reconciliations are used to ensure that banking transactions have been properly recorded. Having an unreconciled difference each month reduces the usefulness of the reconciliation. We recommend all unreconciled differences be reviewed and addressed so the bank account is properly reconciled with no differences going forward.

Management's Comments

The manager and bookkeeper will make it a policy to reconcile quarterly. This policy will be brought to the board's attention at the next meeting.

Issue #2 - Carryforward cash difference

During the 2022 fiscal audit, we noted that there is a carryforward difference of \$5,414 between the general ledger balance and bank reconciliation balance that also existed in 2020 so it is possible this difference has been carried forward for some time. We recommend this difference be investigated and addressed so the cash balance per the books and reconciliation statements agree going forward.

Management's Comments

We are aware of this carryover balance which dates back to 2020. This will be cleared by the end of 2023 as to not affect future reconciliation statements.

Issue #3 - Reconciliation of cash receipts balance

During the 2022 fiscal audit, we noted that despite the existence of daily revenue and deposit report, there was not a clear reconciliation to tie the bank deposits with revenue received during the day. Without reconciliation, the receipts of revenue and deferred revenue could be misstated, and the Arena may overlook some payments from customers. We recommend that the daily revenue report be reviewed by the manager and a reconciliation against receipts also be prepared each day.

Management's Comments

Daily revenue reports are created that show each payment of cash, cheque, credit and debit. Cash/cheque deposits are done weekly and match the daily reports. I disagree that any changes are needed to this process. While a clear standard could be set with bank tellers to separate cheques and cash for each weekly deposit, deposits still clearly reconciled with all daily reports.

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

Issue #4- Controls over online receipts

During the 2022 fiscal audit, we noted that the receipts from online-booked ice rental was recorded as a debited revenue at first, and then the bookkeeper had to manually make adjusting entries to correct the revenue and cash balances. The extra manual work would increase the likelihood of errors, making the revenue balances potentially inaccurate. We recommend that the online booking and receipts be recorded and reviewed consistently with the online revenue report daily to ensure consistent and accurate accounting at the point the data is entered into the system.

Management's Comments

This was an error in the way the online payments were entered into Sage. That procedural error has since been corrected and direct deposits are being recorded as intended since that adjustment.

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