



Financial statements

Committee of Management of  
McCormick Playground Arena

December 31, 2023

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## Management's responsibility for the financial statements

The financial statements of the Committee of Management of McCormick Playground 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 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 Grant Thornton 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.

DocuSigned by:

*Luis Silva*

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Chairperson

DocuSigned by:

*Paul Romain*

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Treasurer

# Independent auditor's report

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To the Council of the Corporation of the City of Toronto  
and the Committee of Management of  
**McCormick Playground Arena**

## Opinion

We have audited the financial statements of McCormick Playground Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2023, and the statement 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 McCormick Playground Arena as at December 31, 2023, and its results of operations, its changes in its net debt, 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.

## Other Matter

The financial statements of the Arena for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those financial statements on September 27, 2023.

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

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 a 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Toronto, Canada  
May 29, 2024

Chartered Professional Accountants  
Licensed Public Accountants

# Committee of Management of McCormick Playground Arena

## Statement of financial position

December 31	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents (Note 5)	\$ 313,028	\$ 360,008
Accounts receivable	9,802	1,728
Due from City of Toronto – operating deficit (Note 8)	30,267	-
	<u>353,097</u>	<u>361,736</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	119,110	78,654
Deferred revenue	5,865	-
Due to City of Toronto – operating surplus (Note 8)	-	16,848
Due to City of Toronto - working capital advance	10,000	10,000
- loan payable (Note 9)	217,816	256,249
- loan interest (Note 9)	1,198	1,409
	<u>353,989</u>	<u>363,160</u>
<b>Net debt</b>	<u>(892)</u>	<u>(1,424)</u>
<b>Non-financial assets</b>		
Inventories	2,310	2,842
Tangible capital assets (Note 6)	171,084	191,172
	<u>173,394</u>	<u>194,014</u>
<b>Accumulated surplus</b>	<u>\$ 172,502</u>	<u>\$ 192,590</u>

Approved by the Board:

\_\_\_\_\_ Chair

\_\_\_\_\_ Treasurer

See accompanying notes to the financial statements.

# Committee of Management of McCormick Playground Arena

## Statement of operations

Year ended December 31, 2023

	2023 Budget (Note 12)	2023 Total	2022 Total
<b>Revenue</b>			
Ice rentals	\$ 857,000	\$ 859,150	\$ 696,538
Other	4,000	10,134	14,362
Snack bar and vending			
machine operations (Schedule A)	5,500	4,703	2,320
Pro shop operations (Schedule A)	5,011	1,630	247
Funding from City of Toronto (Note 8)	-	-	155,448
	<u>871,511</u>	<u>875,617</u>	<u>868,915</u>
<b>Expenses</b>			
Salaries and wages	423,289	449,971	415,808
Utilities	228,149	180,523	159,596
Employee benefits	116,981	115,699	104,984
Maintenance and repairs	45,600	95,626	87,860
General administration	34,178	23,887	25,934
Professional fees	6,210	22,475	6,810
Amortization	20,088	20,088	15,972
Insurance	4,000	10,673	9,368
	<u>878,495</u>	<u>918,942</u>	<u>826,332</u>
Deficiency of (expenses over revenue) revenue over expenses	6,984	(43,325)	42,583
Vehicle and equipment reserve contribution (Note 11)	<u>(13,000)</u>	<u>(13,000)</u>	<u>(11,427)</u>
Operating (deficit) surplus	<u>\$ (19,984)</u>	<u>(56,325)</u>	<u>31,156</u>
Net deficit receivable from (surplus payable to) City of Toronto (Note 8)		<u>36,237</u>	<u>(5,970)</u>
Annual (deficit) surplus		(20,088)	25,186
Accumulated surplus, beginning of year		<u>192,590</u>	<u>167,404</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 172,502</u>	<u>\$ 192,590</u>

See accompanying notes to the financial statements.

## Committee of Management of McCormick Playground Arena

### Statement of change in net debt

Year ended December 31, 2023

	<u>Budget</u> (Note 12)	<u>2023</u>	<u>2022</u>
Annual (deficit) surplus	\$ (19,984)	\$ <b>(20,088)</b>	\$ 25,186
Acquisition of tangible capital assets	-	-	(41,158)
Utilization of inventories, net	-	<b>532</b>	409
Amortization of tangible capital assets	<u>20,088</u>	<u><b>20,088</b></u>	<u>15,972</u>
Change in net debt	104	<b>532</b>	409
Net debt, beginning of year	<u>(1,424)</u>	<u><b>(1,424)</b></u>	<u>(1,833)</u>
Net (debt) financial assets, end of year	<u>\$ 1,320</u>	<u>\$ <b>(892)</b></u>	<u>\$ (1,424)</u>

See accompanying notes to the financial statements.



# Committee of Management of McCormick Playground Arena

## Statement of cash flows

Year ended December 31, 2023                      2022

Cash flows from (used in)

### Operating activities

Annual (deficit) surplus \$    (20,088)    \$    25,186

Adjustments for:

Amortization 20,088                      15,972  
-                                      41,158

Non-cash changes to operations:

Accounts receivable (8,074)                      (1,728)

Due from City of Toronto – operating deficit (30,267)                      225,926

Accounts payable and accrued liabilities 40,456                      (16,326)

Due to City of Toronto – operating surplus (16,848)                      16,848

Deferred revenue 5,865                      (3,240)

Due to the City of Toronto – loan interest (211)                      (81)

Inventories 532                                      409  
(8,547)                                      262,966

### Investing transactions

Purchase of tangible capital assets -                                      (41,158)

### Financing activities

Due to the City of Toronto – loan payments (38,433)                      (15,466)

(Decrease) Increase in cash balance (46,980)                      206,342

Cash, beginning of year 360,008                      153,666

Cash, end of year \$    313,028                      \$    360,008

See accompanying notes to the financial statements.

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# **Committee of Management of McCormick Playground Arena**

## **Notes to the financial statements**

December 31, 2023

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### **1. Nature of operations**

The Committee of Management of McCormick Playground 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. 319-71, 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.

The Committee 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 Committee of Management ceasing to function for any reason.

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### **2. Summary of 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 are recorded 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 cash equivalents and 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.

#### **Cash and cash equivalents**

Cash and short-term investments include cash on hand, cash on deposit with financial institutions, demand deposits and short-term investments with maturities of less than twelve months at acquisition.

#### **Inventories**

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

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# Committee of Management of McCormick Playground Arena

## Notes to the financial statements

December 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### 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:

Leasehold improvements	15 years
Furniture and equipment	5 years

#### 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.

#### 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 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 collectability of accounts receivable balances, useful life of its tangible assets, 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.

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## **Committee of Management of McCormick Playground Arena**

### **Notes to the financial statements**

December 31, 2023

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#### **3. Change in accounting policy**

Effective January 1, 2023, the Arena adopted new Public Sector Accounting Standards Sections PS3450 *Financial Instruments* and PS1201 *Financial Statement Presentation* along with related amendments. New Section PS3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, liabilities, or both on a fair value basis.

The measurement requirements were applied prospectively. There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a Statement of Remeasurement Gains or Losses.

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#### **4. 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 and accounts receivable. 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 is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

##### **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 this financial instrument is negligible.

##### **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, 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.

# Committee of Management of McCormick Playground Arena

## Notes to the financial statements

December 31, 2023

### 4. Financial instruments (continued)

#### Liquidity risk (continued)

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 119,110	\$ -	\$ -	\$ -	\$ 119,110
Due to City of Toronto					
Working capital advance	-	-	-	10,000	10,000
Loan payable	14,639	14,964	46,913	141,300	217,816
Loan interest	1,198	-	-	-	1,198
	<u>134,947</u>	<u>14,964</u>	<u>46,913</u>	<u>151,300</u>	<u>348,124</u>

#### Changes in risk

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

### 5. Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
Cash	\$ 103,859	\$ 159,285
GIC maturing February 28, 2024, bearing interest at 4.25% per annum.	103,563	\$ -
GIC maturing February 28, 2024, bearing interest at 4.25% per annum.	105,606	-
GIC maturing February 27, 2023, bearing interest at 4.25% per annum.	-	200,723
	<u>\$ 313,028</u>	<u>\$ 360,008</u>

### 6. Tangible capital assets

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 177,842	\$ 35,568	\$ 142,274	\$ 154,130
Furniture and equipment	<u>92,516</u>	<u>63,706</u>	<u>28,810</u>	<u>37,042</u>
	<u>\$ 270,358</u>	<u>\$ 99,274</u>	<u>\$ 171,084</u>	<u>\$ 191,172</u>

# Committee of Management of McCormick Playground Arena

## Notes to the financial statements

December 31, 2023

### 7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$Nil (2022 - \$8,292) of government remittances payable for sales taxes yet to be remitted and \$81,281 (2022 - \$50,571) of related party payables due to the City of Toronto.

### 8. Operating surplus (deficit) due to (from) the City of Toronto

The amount due (to) from the City of Toronto consists of the following:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ (16,848)	\$ 225,926
Current year's operating surplus (deficit)	56,325	(31,156)
Current year's capital assets purchases	-	41,158
Current year's amortization	<u>(20,088)</u>	<u>(15,972)</u>
	36,237	(5,970)
Paid (received) during the current year	<u>10,878</u>	<u>(236,804)</u>
Balance, end of year	<u>\$ 30,267</u>	<u>\$ (16,848)</u>

The due (to) from the City of Toronto balance is comprised of:

	<u>2023</u>	<u>2022</u>
2021 surplus	\$ -	\$ (10,878)
2022 surplus	(5,970)	(5,970)
2023 deficit	<u>36,237</u>	<u>-</u>
	<u>\$ 30,267</u>	<u>\$ (16,848)</u>

The Arena received \$Nil from the City of Toronto as funding to support operations. In 2022, the Arena received \$155,448 from the City of Toronto as emergency funding to support cash shortfall due to the closures as a result of COVID-19.

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## Committee of Management of McCormick Playground Arena

### Notes to the financial statements

December 31, 2023

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#### 9. Due to City of Toronto - loan payable

In October 2020, the Arena obtained a loan from the City of Toronto for the implementation of energy efficient projects. The maximum loan amount was \$600,601 and as at December 31, 2021, \$271,715 was disbursed. The loan bears interest at 2.20% and interest began to accrue on October 1, 2021. The loan is repayable commencing on January 1, 2022, over quarterly instalments for a period of 15 years.

Principal repayments over the next five years are estimated to be as follows:

2024	\$	14,639
2025		14,964
2026		15,296
2027		15,635
2028		15,982
Thereafter		<u>141,300</u>
	\$	<u>217,816</u>

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#### 10. Pension agreements

The Arena makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan on behalf of most of its eligible employees. The OMERS plan (the "Plan") is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$37,643 in 2023 (2022 - \$33,174).

The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan is in a deficit position and the Plan's December 31, 2023 financial statements indicate a net deficit of \$7,571 million (a deficit of \$4,202 million plus adjustment of \$3,369 million 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.

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#### 11. Vehicle and equipment replacement reserve

The reserve represents contributions made to the City of Toronto for the financing of replacement ice resurfacer machines in future years. The contribution for the year was \$13,000 (2022 - \$11,427).

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## Committee of Management of McCormick Playground Arena

### Notes to the financial statements

December 31, 2023

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#### 12. Budget

The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the Statement of Operations and Statement of Change in Net Financial Assets represent the budget adopted by the Arena with the following adjustments:

Budgeted annual operating surplus	\$ 104
Less:	
Amortization of tangible capital assets	<u>(20,088)</u>
Budgeted annual operating deficit per Statement of Operations	<u>\$ (19,984)</u>

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#### 13. Comparative figures

Comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.



## Committee of Management of McCormick Playground Arena

Year ended December 31, 2023

### Snack bar and vending machine operations

	<u>Budget</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>Sales</b>			
Vending machine	\$ 15,000	\$ 7,402	\$ 3,952
<b>Cost of goods sold</b>	<u>9,500</u>	<u>2,699</u>	<u>1,632</u>
<b>Gross profit</b>	<u>\$ 5,500</u>	<u>\$ 4,703</u>	<u>\$ 2,320</u>

### Pro shop operations

	<u>Budget</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>Sales</b>	\$ 7,000	\$ 2,163	\$ 874
<b>Cost of goods sold</b>	<u>1,989</u>	<u>533</u>	<u>627</u>
<b>Gross profit</b>	<u>\$ 5,011</u>	<u>\$ 1,630</u>	<u>\$ 247</u>

May 29, 2024

The Committee of management of  
McCormick Playground Arena

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In connection with our audit of the financial statements of McCormick Playground Arena (the "Arena") as of December 31, 2023 and for the year then ended, we considered internal control over financial reporting ("internal control") as a basis for designing appropriate audit procedures. The purpose of our audit was to express an opinion on the financial statements, not to identify internal control matters. Therefore, we express no opinion on the effectiveness of internal control and it would be inappropriate to conclude that no internal control matters, including significant control deficiencies, exist beyond those included in this communication.

A deficiency in internal control exists where the design, implementation, operation or absence of a control means that internal controls are unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis. The Canadian Auditing Standards require that, where we identify internal control deficiencies during an audit, we assess their importance and severity and communicate them to management and those charged with governance, as appropriate. Deficiencies that are of sufficient importance to merit the attention of those charged with governance are described as "significant deficiencies".

## Significant control deficiencies

### Lack of segregation duties

In common with other organizations with a small accounting team, we noted an issue surrounding segregation of duties.

#### re: Accounting System

It was noted that the Arena Manager has the ability to post and approve journal entries in Sage and is also part of the financial reporting process.

#### re: Payroll Function

It was noted that the Arena Manager operates the entire payroll function, including the payment to the Arena's employees, in addition to being a part of the financial reporting process.

Management has a mitigating control in place whereby members of the Committee of Management perform a regular review of the financial package.

Management believes that the current controls in place are sufficient given the size and complexity of the entity.

## Other deficiencies

### Lack of employment contracts

It was noted that the Arena does not provide employee contracts or agreements to its employees, nor does it document annual salary increases. It is best practice to document, retain and provide such information to employees.

## Conclusion

The matters reported in this communication are limited to those deficiencies we identified during the audit that we considered to be of sufficient importance to communicate to management and, in the case of significant deficiencies, those charged with governance. Had we performed more extensive procedures on internal control, including procedures subsequent to May 29, 2024, we might have identified more deficiencies or reached different conclusions about the deficiencies included in this communication.

This communication is intended solely for the information and use of management, those charged with governance, and others within the Arena and is not intended to be and should not be used by anyone other than these specified parties.

Yours sincerely,

Grant Thornton LLP

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

**Melanie Dugard, CPA, CA**  
**Principal**