



Financial statements

**Board of Management of
William H. Bolton Arena**

December 31, 2023

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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 of Management.

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

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The financial statements have been audited by Doane 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.



Chairperson



Treasurer

Independent auditor's report

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To the Council of the Corporation of the City of Toronto and the Board of Management of
William H. Bolton Arena

Opinion

We have audited the 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, 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 Board of Management of William H. Bolton 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 qualified 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 April 30, 2024.

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.

Doane Grant Thornton LLP

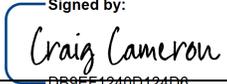
Toronto, Canada
January 23, 2025

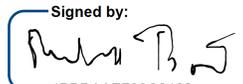
Chartered Professional Accountants
Licensed Public Accountants

Board of Management of William H. Bolton Arena Statement of financial position

December 31	2023	2022
Financial assets		
Cash	\$ 485,356	\$ 838,605
Portfolio investments (Note 4)	409,158	-
Government remittances receivable	<u>4,242</u>	<u>2,242</u>
	<u>898,756</u>	<u>840,847</u>
Financial liabilities		
Accounts payable and accrued liabilities	154,526	45,125
Due to City of Toronto – operating surplus (Note 6)	263,364	360,888
Deferred revenue	493,372	448,650
Due to City of Toronto – working capital advances (Note 1)	<u>10,000</u>	<u>10,000</u>
	<u>921,262</u>	<u>864,663</u>
Net debt	<u>(22,506)</u>	<u>(23,816)</u>
Non-financial assets		
Tangible capital assets (Note 5)	35,803	52,993
Inventories	22,444	23,816
Prepaid expenses	<u>62</u>	<u>-</u>
	<u>58,309</u>	<u>76,809</u>
Accumulated surplus	<u>\$ 35,803</u>	<u>\$ 52,993</u>

Approved by the Board:

Signed by:

 _____ Chair

Signed by:

 _____ Member

See accompanying notes to the financial statements.

Board of Management of William H. Bolton Arena

Statement of operations

Year ended December 31, 2023

	2023 <u>Budget</u> (Note 11)	2023 <u>Actual</u>	2022 <u>Actual</u>
Revenue			
Program registration	\$ 1,103,050	\$ 1,245,287	\$ 822,381
Ice rentals	248,055	216,424	178,622
Pro shop operations (Schedule A)	48,485	55,287	65,560
Snack bar operations (Schedule A)	37,672	37,375	22,086
Other revenue	-	9,158	-
Emergency funding – City of Toronto (Note 10)	-	-	533,401
	<u>1,437,262</u>	<u>1,563,531</u>	<u>1,622,050</u>
Expenditures			
Salaries and wages	538,273	538,792	515,995
Program material and supplies	267,988	359,801	265,814
Maintenance and repairs	82,000	199,034	148,273
Utilities	207,949	146,337	132,587
Office and administration	144,343	137,845	115,688
Employee benefits	116,641	121,754	110,138
Professional fees	10,000	22,725	8,178
Amortization	17,190	17,190	13,096
Insurance	13,500	4,590	4,079
	<u>1,397,884</u>	<u>1,548,068</u>	<u>1,313,848</u>
Excess of revenue over expenditures for the year	39,378	15,463	308,202
Vehicle and equipment reserve contribution (Note 8)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(14,000)</u>
Operating surplus	<u>\$ 24,378</u>	463	294,202
Net payable to the City of Toronto (Note 6)		<u>(17,653)</u>	<u>(245,711)</u>
Annual (deficit) surplus		(17,190)	48,491
Accumulated surplus, beginning of year		<u>52,993</u>	<u>4,502</u>
Accumulated surplus, end of year		<u>\$ 35,803</u>	<u>\$ 52,993</u>

See accompanying notes to the financial statements.

Board of Management of William H. Bolton Arena
Statement of changes in net debt

December 31

	2023 <u>Budget</u> (Note 11)	2023 <u>Actual</u>	2022 <u>Actual</u>
Annual (deficit) surplus	\$ 24,378	\$ (17,190)	\$ 48,491
Acquisition of tangible capital assets	(21,351)	-	(61,587)
Amortization of tangible capital assets	17,190	17,190	13,096
Prepaid expenses	-	(62)	2,726
Net utilization (purchase) of inventory	-	<u>1,372</u>	<u>(11,811)</u>
Changes in net debt	20,217	1,310	(9,085)
Net debt, beginning of year	<u>(23,816)</u>	<u>(23,816)</u>	<u>(14,731)</u>
Net debt, end of year	<u>\$ (3,599)</u>	<u>\$ (22,506)</u>	<u>\$ (23,816)</u>

See accompanying notes to the financial statements.

Board of Management of William H. Bolton Arena Statement of cash flows

Year ended December 31	2023	2022
Cash flows from operating activities		
Annual (deficit) surplus	\$ (17,190)	\$ 48,491
Adjustment for item not requiring cash:		
Amortization	<u>17,190</u>	<u>13,096</u>
	-	61,587
Non-cash changes to operation		
Government remittances receivable	(2,000)	1,614
Due to City of Toronto – operating deficit	-	102,322
Accounts payable and accrued liabilities	109,401	(15,228)
Due to City of Toronto – operating surplus	(97,524)	360,888
Deferred revenue	44,722	221,942
Prepaid expenses	(62)	2,726
Inventories	<u>1,372</u>	<u>(11,811)</u>
	<u>55,909</u>	<u>724,040</u>
Cash flows from investing transactions		
Purchase of tangible capital assets	-	(61,587)
Purchase of and accrued interest on portfolio investments	<u>(409,158)</u>	<u>-</u>
	<u>(409,158)</u>	<u>(61,587)</u>
(Decrease) increase in cash	(353,249)	662,453
Cash, beginning of year	<u>838,605</u>	<u>176,152</u>
Cash, end of year	<u>\$ 485,356</u>	<u>\$ 838,605</u>

See accompanying notes to the financial statements.

Board of management of William H. Bolton Arena

Notes to the financial statements

December 31, 2023

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 of Toronto 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.

The Board of Management retains a working cash advance of \$10,000 provided by the City of Toronto, for the management and control of the premises, to be returned to the City of Toronto upon the Board of Management ceasing to function for any reason.

2. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Revenue recognition

Revenue and expenditures are recorded on an accrual basis, when the service has been provided, evidence of an arrangement exists, the fee is fixed or determinable and the amount is collectible.

Ice rentals, hockey schools and camp fees received in advance are recorded as deferred revenue.

Portfolio investments

Portfolio investments include guaranteed investment certificates (GICs) with maturity dates within twelve months from the date of the Statement of Financial Position.

Financial instruments

The Arena initially measures its financial asset 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, portfolio investments, government remittances 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.

Board of management of William H. Bolton Arena

Notes to the financial statements

December 31, 2023

2. Significant accounting policies (continued)

Inventories

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

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	5 years straight-line
Computer equipment	3 years straight-line

Contributed materials and services

Major capital expenditures are financed by the City of Toronto, which owns the facility, and are not recorded in these financial statements.

Services provided without charge by the City of Toronto 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.

Employee related costs

The City of Toronto offers a multi-employer defined benefit pension plan to the Arena's eligible employees. Due to the nature of the Plan, the Arena does not have sufficient information to account for the Plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the useful life of its tangible capital assets, accessing 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.

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.

Board of management of William H. Bolton Arena

Notes to the financial statements

December 31, 2023

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.

4. Portfolio Investments

	<u>2023</u>	<u>2022</u>
GIC maturing February 2, 2024, bearing interest at 3.50%	\$ 103,208	\$ -
GIC maturing February 2, 2024, bearing interest at 3.40%	103,117	-
GIC maturing August 23, 2024, bearing interest at 4.00%	<u>202,833</u>	-
	<u>\$ 409,158</u>	<u>\$ -</u>

5. Tangible capital assets

Tangible capital assets consist of the following:

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 123,161	\$ 105,627	\$ 17,534	\$ 22,545
Computer equipment	<u>36,537</u>	<u>18,268</u>	<u>18,269</u>	<u>30,448</u>
	<u>\$ 159,698</u>	<u>\$ 123,895</u>	<u>\$ 35,803</u>	<u>\$ 52,993</u>

Board of management of William H. Bolton Arena

Notes to the financial statements

December 31, 2023

6. Due to the City of Toronto – Operating surplus

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ (360,888)	\$ 102,322
Current year's operating surplus	(463)	(294,202)
Current year's capital assets purchase	-	61,587
Current year's amortizations	<u>(17,190)</u>	<u>(13,096)</u>
Net payable to the City of Toronto	(17,653)	(245,711)
Paid to (received from) the City of Toronto during the current year	<u>115,177</u>	<u>(217,499)</u>
Balance, end of year	<u>\$ (263,364)</u>	<u>\$ (360,888)</u>

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

2021 surplus payable	\$ -	\$ (115,177)
2022 surplus payable	(245,711)	(245,711)
2023 surplus payable	<u>(17,653)</u>	<u>-</u>
	<u>\$ (263,364)</u>	<u>\$ (360,888)</u>

7. Employee related expenses

The Arena makes contribution to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its employees. The OMERS plan (the "Plan") is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$30,803 (2022 - \$29,197).

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.

8. Vehicle and equipment reserve contribution

This contribution is for the financing of replacement ice resurfacer machine required by the Arena in future years. The contribution for the year was \$15,000 (2022 - \$14,000).

Board of management of William H. Bolton Arena

Notes to the financial statements

December 31, 2023

9. Financial instruments

The Arena uses comprehensive risk management procedures to limit the risk inherent in the use of financial instruments. Risks may include credit, currency, interest rate, market and liquidity risk. The significant risks that the Arena is exposed to are noted below:

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. The Arena's cash is with Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

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 earns interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Arena will encounter difficulty in paying its liabilities as they become due. The Arena manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available.

The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 154,526	\$ -	\$ -	\$ -	\$ 154,526
Due to City of Toronto	263,364	-	-	10,000	273,364
Total	\$ 417,890	\$ -	\$ -	\$ 10,000	\$ 427,890

Change in risk

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

10. Emergency funding

In response to the COVID-19 pandemic and the associated public health restrictions, the Arena was closed for a portion of 2022. As of March 1, 2022, the Arena reopened and is operating at regular hours.

The Arena received \$Nil (2022 - \$533,401) from the City of Toronto as emergency funding to support cash shortfalls.

Board of management of William H. Bolton Arena

Notes to the financial statements

December 31, 2023

11. 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	\$	20,217
Add:		
Acquisition of tangible capital assets		21,351
Less:		
Amortization of tangible capital assets		<u>(17,190)</u>
Budgeted annual operating surplus per Statement of Operations	\$	<u>24,378</u>

12. Comparative figures

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

Board of management of William H. Bolton Arena Schedule of operations

December 31, 2023

Pro Shop Operations

	<u>2023</u> <u>Budget</u> <small>(Note 11)</small>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Revenue			
Pro shop sales	\$ 56,504	\$ 50,264	\$ 42,143
Skate sharpening	<u>46,604</u>	<u>51,478</u>	<u>44,696</u>
	<u>103,108</u>	<u>101,742</u>	<u>86,839</u>
 Cost of goods sold	 <u>54,623</u>	 <u>46,455</u>	 <u>21,279</u>
 Gross profit	 <u>\$ 48,485</u>	 <u>\$ 55,287</u>	 <u>\$ 65,560</u>

Snack Bar Operations

	<u>2023</u> <u>Budget</u> <small>(Note 11)</small>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Revenue			
Snack bar	\$ 71,997	\$ 81,268	\$ 40,843
Vending machine	<u>8,976</u>	<u>13,083</u>	<u>11,135</u>
	<u>80,973</u>	<u>94,351</u>	<u>51,978</u>
 Cost of goods sold	 <u>43,301</u>	 <u>56,976</u>	 <u>29,892</u>
 Gross profit	 <u>\$ 37,672</u>	 <u>\$ 37,375</u>	 <u>\$ 22,086</u>

December 4, 2024

The Board of Management
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In connection with our audit of the financial statements of William H. Bolton 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

Pervasive lack of segregation of duties

As identified in the significant risk section of this letter, we have identified an internal control deficiency relating to a segregation of duties issue surrounding the financial reporting process. Similar to other smaller organizations, the achievement of a high degree of internal controls is not always practical. There is a segregation of duties issue being that the Arena Manager performs all tasks related to maintaining the financial records of the Arena and has admin access to all financial systems and records associated with the financial reporting process.

The Arena Manager processes revenue transactions and creates the deposit slips allowing them the ability to misappropriate cash. Further, the Arena Manager has the ability to approve, record, and pay expenses. This creates the risk of inappropriate expenses or payments.

We recommend a periodic documented review of actual results against operating budgets and the review of financial information by the Board of Directors. The Board's ongoing supervision over financial recording and reporting can compensate for the inability to segregate to the appropriate level.

Other deficiencies

Employment contracts

Through our procedures, 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.

Sales documentation

During our audit procedures, we noted that certain documentation such as till reports and documentation for snack bar and pro shop sales were misplaced for a portion of the year.

We recommend that management retain appropriate documentation of transactions and revisit its procedures to consider backups for key documents.

Reconciliation of program revenue registration system to general ledger and bank

During our audit procedures, we noted variances between the program revenue registration system and general ledger.

We recommend that management perform monthly or quarterly and annual reconciliations of the program revenue registration system to the general ledger and bank. Further, we recommend a review of the reconciliations to reduce the risk of error.

Capitalization policy

We noted that the Arena does not have a formal capital asset policy. It does not maintain or review a detailed asset register.

We recommend that the Arena implement a capitalization policy. As part of this, we recommend that the Arena complete a review of the capital asset balance in the accounting system with the capital assets in use to ensure that all assets in use have been appropriately accounted for and are reflected appropriately in the capital asset continuity.

Inventory counts and assessment of obsolescence

We noted that inventory is generally counted annually, however no snack bar inventory was counted at year-end 2023. No reconciliation between inventory movements and sales transactions were performed.

We recommend that management revisit its procedures and controls around inventory. Periodic counts and reconciliations to sales data could also aid with inventory management and reduce risk of misappropriation.

Old balances in subledgers

We noted that the Arena's internal financial records for balance sheet accounts do not match the annual financial statements. This is a result of various unrecorded financial statement adjustments and has led to old balances in subledgers.

We recommend that management record the top side financial statement adjustments made to match its internal financial records with the annual financial statements. We recommend that management perform a review of subledgers for balance sheet accounts and reconcile balance sheet accounts at least annually.

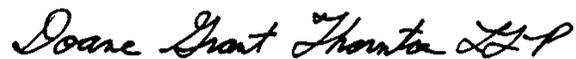
Conclusion

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 December 4, 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,

Doane Grant Thornton LLP

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

Melanie Dugard, CPA, CA
Principal