



Financial statements

Committee of Management of
North Toronto Memorial Arena

December 31, 2024

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Management's responsibility for the financial statements

The financial statements of the Committee of Management of North Toronto Memorial Arena (the "Arena") are the responsibility of management and have been approved by the Board of Management.

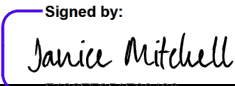
The financial statements have been prepared in compliance with the Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the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

Signed by:

F136FF051E06436... Chairperson

DocuSigned by:

BBFE9E66DC0D479... 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
North Toronto Memorial Arena

Opinion

We have audited the financial statements of North Toronto Memorial Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of North Toronto Memorial Arena as at December 31, 2024, 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.

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
May 26, 2025

Chartered Professional Accountants
Licensed Public Accountants

Committee of Management of North Toronto Memorial Arena

Statement of financial position

December 31

2024

2023

Financial assets

Cash	\$ 33,501	\$ 600
Accounts receivable	107,765	258,249
Due from City of Toronto – outdoor rink (Note 8)	-	59,299
Inventories for resale	25,258	43,512
	<u>166,524</u>	<u>361,660</u>

Liabilities

Bank indebtedness	-	48,577
Accounts payable and accrued liabilities	103,377	89,589
Due to City of Toronto – annual surplus (deficit) (Note 5)	43,719	204,235
Deferred revenue	6,222	4,259
Due to City of Toronto – working capital advance (Note 1)	15,000	15,000
	<u>168,318</u>	<u>361,660</u>

Net debt

<u>(1,794)</u>	<u>-</u>
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Non-financial assets

Tangible capital assets (Note 4)	78,506	67,129
Prepaid expenses	1,794	-
	<u>80,300</u>	<u>67,129</u>

Accumulated surplus

<u>\$ 78,506</u>	<u>\$ 67,129</u>
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Approved by the Board:

Signed by:

Janice Mitchell

Chair

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Member

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See accompanying notes to the financial statements.

Committee of Management of North Toronto Memorial Arena

Statement of operations

Year ended December 31

	Budget (Note 9)	2024	2023
Revenue			
Ice rentals	\$ 823,500	\$ 846,606	\$ 812,817
Outdoor rink (Note 8)	122,000	117,021	126,168
City of Toronto – Operating Funding	-	31,538	-
Banquet room rentals	33,500	34,876	31,336
Zamboni replacement - contribution	20,000	18,993	8,992
Advertising revenue	16,500	15,700	12,500
Pro shop operations (Schedule A)	24,800	10,563	12,783
Parking revenue	-	690	-
Snack bar operations (Schedule A)	500	(19,111)	(5,571)
	<u>1,040,800</u>	<u>1,056,876</u>	<u>999,025</u>
Expenses			
Salaries and wages	501,147	543,315	487,980
Utilities	242,000	280,430	251,000
Employee benefits	147,181	132,429	131,605
Office and administration	71,735	73,326	52,793
Maintenance and repairs	47,800	70,904	46,843
Professional fees	20,875	58,193	26,700
Amortization	8,548	8,548	7,956
Insurance	1,600	3,472	2,763
	<u>1,040,886</u>	<u>1,170,617</u>	<u>1,007,640</u>
Excess of expenses over revenue for the year before vehicle and equipment reserve contribution	(86)	(113,741)	(8,615)
Vehicle and equipment reserve contribution (Note 7)	<u>(40,000)</u>	<u>(35,398)</u>	<u>(15,044)</u>
Annual deficit before net receivable from the City	<u>(40,086)</u>	<u>(149,139)</u>	<u>(23,659)</u>
Net receivable from the City of Toronto (Note 5)	<u>31,538</u>	<u>160,516</u>	<u>27,351</u>
Annual surplus (deficit)	<u>(8,548)</u>	<u>11,377</u>	<u>3,692</u>
Accumulated surplus, beginning of year	<u>67,129</u>	<u>67,129</u>	<u>63,437</u>
Accumulated surplus, end of year	<u>\$ 58,581</u>	<u>\$ 78,506</u>	<u>\$ 67,129</u>

See accompanying notes to the financial statements.

Committee of Management of North Toronto Memorial Arena

Statement of changes in net debt

December 31

	<u>Budget</u> (Note 9)	<u>2024</u>	<u>2023</u>
Annual surplus (deficit)	\$ (8,548)	\$ 11,377	\$ 3,692
Acquisition of tangible capital assets	-	(19,925)	(11,648)
Amortization of tangible capital assets	<u>8,548</u>	<u>8,548</u>	<u>7,956</u>
Changes in net debt	-	-	-
Net debt, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net debt, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Committee of Management of North Toronto Memorial Arena

Statement of cash flows

Year ended December 31

2024

2023

Increase (decrease) in cash

Operating

Annual surplus	\$	11,377	\$	3,692
Adjustment for item not requiring cash:				
Amortization		<u>8,548</u>		<u>7,956</u>
		<u>19,925</u>		<u>11,648</u>

Non-cash changes to operation

Accounts receivable	150,484	(111,650)
Due from City of Toronto – outdoor rink	59,299	(8,907)
Prepaid expenses	(1,794)	-
Accounts payable and accrued liabilities	13,788	(3,970)
Due to City of Toronto – annual surplus (deficit)	(160,516)	(27,351)
Deferred revenue	1,963	270
Inventories for resale	<u>18,254</u>	<u>9,848</u>
Cash flows from (used in) operating activities	<u>101,403</u>	<u>(130,112)</u>

Capital

Purchase of tangible capital assets	<u>(19,925)</u>	<u>(11,648)</u>
Increase (decrease) in cash (bank indebtedness)	81,478	(141,760)
(Bank indebtedness) cash, beginning of year	<u>(47,977)</u>	<u>93,783</u>
Cash (bank indebtedness), end of year	<u>\$ 33,501</u>	<u>\$ (47,977)</u>

Cash (bank indebtedness) represented by:

Cash	\$	1,200	\$	600
Bank (bank indebtedness)		<u>32,301</u>		<u>(48,577)</u>
	\$	<u>33,501</u>	\$	<u>(47,977)</u>

See accompanying notes to the financial statements.

Committee of Management of North Toronto Memorial Arena

Notes to the financial statements

December 31, 2024

1. Nature of operations

The Committee of Management of North Toronto 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 22583, as amended. The Arena is located at 174 Orchardview Boulevard. 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 expense resulting from or incidental to the management and control of the premises.

The Board of Management retains a working cash advance of \$15,000 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.

A statement of remeasurement gains and losses is not presented as the Arena has no accumulated remeasurement gains and losses and no remeasurement gains or losses in the current or prior fiscal period.

Revenue recognition

Revenues for exchange transactions with performance obligations are recognized when performance obligations are met by providing the goods or services to the payor. Ice rentals received in advance are recorded as deferred revenue.

Revenue from transactions with no performance obligations are recognized when the Arena has the right to claim or retain an inflow of economic resources and the transaction gives rise to an asset.

Financial instruments

The Arena considers any contract creating a financial asset or liability as a financial instrument.

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.

Committee of Management of North Toronto Memorial Arena

Notes to the financial statements

December 31, 2024

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities measured at amortized cost include accounts payable and due to the City of Toronto.

Inventories for resale

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

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:

Machinery and equipment	15 years straight-line
Leasehold improvements	20 years straight-line

Tangible capital assets are written down when conditions indicate that the value of future economic benefits associated with the tangible capital asset is less than net book value. Write-downs are recognized in the statement of operations. Any write-downs are not reversed.

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 (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 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, recoverability of inventory and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Committee of Management of North Toronto Memorial Arena

Notes to the financial statements

December 31, 2024

2. Significant accounting policies (continued)

Use of estimates (continued)

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.

3. Change in accounting policy

Effective January 1, 2024, the Arena adopted PS3400 Revenues retroactively with no restatement required.

PS 3400 Revenues establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

4. Tangible capital assets

Tangible capital assets consist of the following:

	<u>Machinery and equipment</u>	<u>Leasehold improvements</u>	<u>2024</u>	<u>2023</u>
Cost				
Beginning of year	\$ 111,936	\$ 15,697	\$ 127,633	\$ 115,985
Add: additions during the year	9,025	10,900	19,925	11,648
Less: disposals during the year	-	-	-	-
End of year	<u>120,961</u>	<u>26,597</u>	<u>147,558</u>	<u>127,633</u>
Accumulated amortization				
Beginning of year	57,278	3,226	60,504	52,548
Add: amortization during the year	7,643	905	8,548	7,956
Less: disposals during the year	-	-	-	-
End of year	<u>64,921</u>	<u>4,131</u>	<u>69,052</u>	<u>60,504</u>
Net book value	<u>\$ 56,040</u>	<u>\$ 22,466</u>	<u>\$ 78,506</u>	<u>\$ 67,129</u>

Committee of Management of North Toronto Memorial Arena

Notes to the financial statements

December 31, 2024

4. Tangible capital assets (continued)

	Machinery and equipment	Leasehold improvements	<u>2023</u>	<u>2022</u>
Cost				
Beginning of year	\$ 111,936	\$ 4,049	\$ 115,985	\$ 105,038
Add: additions during the year	-	11,648	11,648	10,947
Less: disposals during the year	-	-	-	-
End of year	<u>111,936</u>	<u>15,697</u>	<u>127,633</u>	<u>115,985</u>
Accumulated amortization				
Beginning of year	49,613	2,935	52,548	45,045
Add: amortization during the year	7,665	291	7,956	7,503
Less: disposals during the year	-	-	-	-
End of year	<u>57,278</u>	<u>3,226</u>	<u>60,504</u>	<u>52,548</u>
Net book value	<u>\$ 54,658</u>	<u>\$ 12,471</u>	<u>\$ 67,129</u>	<u>\$ 63,437</u>

5. Due to the City of Toronto – annual surplus (deficit)

The amount due to the City of Toronto is non-interest bearing and due on demand. The balance consists of the following:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 204,235	\$ 231,586
Annual deficit	(149,139)	(23,659)
Purchase of capital assets	(19,925)	(11,648)
Amortization of tangible capital assets	8,548	7,956
Net revenue receivable from the City of Toronto	<u>(160,516)</u>	<u>(27,351)</u>
Balance, end of year	<u>\$ 43,719</u>	<u>\$ 204,235</u>

The balance at the end of 2024 is comprised of the following:

	<u>2024</u>	<u>2023</u>
2021 annual surplus payable	\$ (73,834)	\$ (73,834)
2022 annual surplus payable	(10,849)	(10,849)
2022 funding clawback	(146,903)	(146,903)
2023 annual deficit receivable	27,351	27,351
2024 annual deficit receivable	<u>160,516</u>	<u>-</u>
	<u>\$ (43,719)</u>	<u>\$ (204,235)</u>

Committee of Management of North Toronto Memorial Arena

Notes to the financial statements

December 31, 2024

6. 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 \$23,938 (2023 - \$32,976).

The most recent actuarial valuation of the Plan as at December 31, 2024 indicates the Plan is in a deficit position and the Plan's December 31, 2024 financial statements indicate a net deficit of \$4,319 million (a deficit of \$2,913 million plus adjustment of \$1,406 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.

7. Vehicle and equipment reserve contribution

This reserve represents contribution made to the City of Toronto for the financing of replacement ice resurfacer machine required by the Arena in the future years. The contribution for the year was \$35,398 (2023 - \$15,044).

8. Outdoor rink recoveries

Under an arrangement with the City of Toronto, the Arena services an artificial outdoor rink located adjacent to the Arena. The Arena was reimbursed \$117,021 (2023 - \$126,168) by the City of Toronto for expenditures incurred in servicing this rink, based upon a budgetary provision, which may not be exceeded without prior approval from the City of Toronto. As at December 31, 2024, amounts receivable from the City of Toronto was \$Nil. (2023 - \$59,299).

9. 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 deficit	\$ (31,538)
Less:	
Amortization of tangible capital assets	<u>(8,548)</u>
Budgeted annual operating deficit per Statement of Operations	<u>\$ (40,086)</u>

Committee of Management of North Toronto Memorial Arena

Notes to the financial statements

December 31, 2024

10. 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, 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 this item to be remote.

Management believes that the Arena's credit risk with respect to accounts receivable and amounts due from the City of Toronto is limited. The Arena manages its credit risk by reviewing account 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 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	\$ 103,377	\$ -	\$ -	\$ -	\$ 103,377
Due to City of Toronto	43,719	-	-	15,000	58,719
Total	<u>\$ 147,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 162,096</u>

Change in risk

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

Committee of Management of North Toronto Memorial Arena

Notes to the financial statements

December 31, 2024

11. Comparative figures

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

Committee of Management of North Toronto Memorial Arena

Schedule A

For the year ended December 31, 2024

Snack bar operations

	<u>Budget</u>	<u>2024</u>	<u>2023</u>
Revenue			
Snack bar and vending machine	\$ 67,000	\$ 64,839	\$ 60,306
Cost of goods sold	<u>33,000</u>	<u>41,442</u>	<u>32,413</u>
	<u>34,000</u>	<u>23,397</u>	<u>27,893</u>
Expenses			
Wages	33,000	39,533	33,202
Maintenance	<u>500</u>	<u>2,975</u>	<u>262</u>
	<u>33,500</u>	<u>42,508</u>	<u>33,464</u>
Excess (expense over revenue)			
revenue over expenses	\$ 500	\$ (19,111)	\$ (5,571)

Pro shop operations

	<u>Budget</u>	<u>2024</u>	<u>2023</u>
Revenue			
Pro shop sales	\$ 32,000	\$ 24,336	\$ 26,411
Cost of goods sold	<u>6,000</u>	<u>10,177</u>	<u>6,074</u>
	<u>26,000</u>	<u>14,159</u>	<u>20,337</u>
Expenses			
Equipment maintenance	1,200	911	1,454
Obsolescence allowance/write-offs	<u>-</u>	<u>2,685</u>	<u>6,100</u>
	<u>1,200</u>	<u>3,596</u>	<u>7,554</u>
Excess revenue over expenses	\$ 24,800	\$ 10,563	\$ 12,783

May 13, 2025

Committee of Management
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In connection with our audit of the financial statements of North Toronto Memorial Arena (the "Arena") as of December 31, 2024 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

We have identified an internal control deficiency relating to a pervasive lack of segregation of duties in operating and financial reporting processes. Similar to other smaller organizations, the achievement of a high degree of internal controls is not always practical.

The Arena Manager processes any ice rentals as well as snack bar transactions and creates the deposit slips allowing them the ability to misappropriate cash. The Arena Manager performs all tasks related to maintaining the financial records of the Arena and has full access to the accounting system and all records associated with the financial reporting process. This creates an opportunity for manipulation of the financial results.

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.

Lack of documentation retained for large ice rental revenue contracts and pricing provided to individual renters

During our audit procedures, we noted that certain documentation such as customer contracts and invoices were missing.

We recommend that management revisit the procedures surrounding this as it is best practice to retain customer contracts and invoices outlining key terms such as the serviced provided and the rate charged.

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 was counted annually. 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.

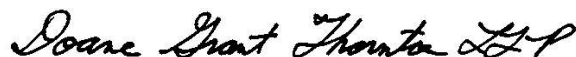
Conclusion

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 13, 2025, 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



Melanie Dugard, CPA, CA
Principal