



Financial statements

Board of Management of  
Moss Park Arena

December 31, 2023

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## Management's responsibility for the financial statements

The financial statements of the Board of Management of Moss Park 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.

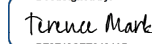
DocuSigned by:



*Julie Dan*

Chairperson

DocuSigned by:



Treasurer



## Independent auditor's report

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Doane Grant Thornton LLP

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To the Council of the Corporation of the City of Toronto and the Board of Management of Moss Park Arena

### Opinion

We have audited the financial statements of Moss Park Arena ("the Arena"), which comprise the statement of financial position as at December 31, 2023, 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 the Arena as at December 31, 2023, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit Arenas.

### 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 other 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 May 1, 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 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  
April 28, 2025

Chartered Professional Accountants  
Licensed Public Accountants

# Board of Management of Moss Park Arena

## Statement of financial position

December 31

2023

2022

**Financial assets**

Cash	\$ 63,852	\$ 123,655
Accounts receivable	10,486	9,569
Due from City of Toronto - operating surplus (Note 4)	33,487	-
- post-employment benefits (Note 5)	190,434	204,369
	<u>298,259</u>	<u>337,593</u>

**Liabilities**

Accounts payable and accrued liabilities	66,183	24,576
Government remittances payable	-	16,507
Due to City of Toronto - operating surplus (Note 4)	-	37,842
- working capital advance (Note 1)	10,000	10,000
Deferred revenue	32,433	45,090
Post-employment benefits payable (Note 5)	190,434	204,369
	<u>299,050</u>	<u>338,384</u>

**Net debt**

(791) (791)

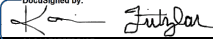
**Non-financial assets**

Tangible capital assets (Note 6)	21,682	24,575
Inventories	791	791
	<u>22,473</u>	<u>25,366</u>

**Accumulated surplus**

\$ 21,682 \$ 24,575

Approved by the Board:

 Chair

 Treasurer

See accompanying notes to the financial statements.

# Board of Management of Moss Park Arena

## Statement of operations

Year ended December 31

	2023 Budget (Note 9)	2023 Actual	2022 Actual
<b>Revenues</b>			
Ice rentals	\$ 668,000	\$ 528,624	\$ 429,743
Hockey school, camps and league operations (Schedule A)	250,000	114,320	46,075
Emergency funding - City of Toronto (Note 7)	-	222,910	285,249
Facility rentals	-	4,752	4,889
Snack bar and vending operations (Schedule B)	2,000	483	322
Pro shop and skate sharpening operations (Schedule B)	30,000	7,084	4,934
Funding to the City of Toronto for employee related costs (Note 5)	-	(13,935)	(54,866)
Sundry revenue	8,000	-	50,000
	<u>958,000</u>	<u>864,238</u>	<u>766,346</u>
<b>Expenses</b>			
Salaries and wages	519,873	538,013	521,535
Employee benefits	145,200	141,691	139,873
Utilities	160,677	154,791	137,752
Professional fees	6,000	30,524	14,690
Office and administration	23,800	31,473	25,916
Maintenance and repairs	46,900	25,075	27,678
Amortization	2,893	2,893	4,381
Insurance	-	-	263
Other expenses	33,250	-	-
	<u>938,593</u>	<u>924,460</u>	<u>872,088</u>
<b>(Deficiency) excess of revenue over expenses before item below</b>	19,407	(60,222)	(105,742)
Vehicle and equipment reserve contribution (Note 8)	<u>(14,000)</u>	<u>(14,000)</u>	<u>(14,000)</u>
<b>Operating surplus (deficit)</b>	<u>\$ 5,407</u>	<u>(74,222)</u>	<u>(119,742)</u>
Net expenditure receivable from the City of Toronto (Note 4)		<u>71,329</u>	<u>115,361</u>
<b>Annual deficit</b>		<u>(2,893)</u>	<u>(4,381)</u>
<b>Accumulated surplus, beginning of year</b>		<u>24,575</u>	<u>28,956</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 21,682</u>	<u>\$ 24,575</u>

See accompanying notes to the financial statements.

## Board of Management of Moss Park Arena

### Statement of changes in net debt

December 31

	<u>2023 Budget (Note 9)</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Annual surplus (deficit)	\$ 5,407	\$ (2,893)	\$ (4,381)
Amortization of tangible capital assets	2,893	<b>2,893</b>	4,381
Utilization of inventories, net	<u>-</u>	<u>-</u>	<u>(791)</u>
Changes in net debt	2,514	-	(791)
<b>Net debt, beginning of year</b>	<u>(791)</u>	<u>(791)</u>	<u>-</u>
<b>Net debt, end of year</b>	<u>\$ 1,723</u>	<u>\$ (791)</u>	<u>\$ (791)</u>

See accompanying notes to the financial statements.



# Board of Management of Moss Park Arena

## Statement of cash flows

Year ended December 31

2023

2022

Increase (decrease) in cash

**Operating**

Annual deficit	\$ (2,893)	\$ (4,381)
Item not affecting cash		
Amortization of tangible capital assets	<u>2,893</u>	<u>4,381</u>
	-	-
Change in non-cash working capital items		
Accounts receivable	(917)	20,401
Due from City of Toronto - post-employment benefits	13,935	54,866
Accounts payable and accrued liabilities	41,607	(10,137)
Government remittances payable	(16,507)	7,714
Due from City of Toronto - operating surplus	(71,329)	(115,361)
Deferred revenue	(12,657)	22,315
Post-employment benefits payable	(13,935)	(54,866)
Inventories	-	(791)
Decrease in cash	<u>(59,803)</u>	<u>(75,859)</u>
<b>Cash, beginning of year</b>	<u>123,655</u>	<u>199,514</u>
<b>Cash, end of year</b>	<u>\$ 63,852</u>	<u>\$ 123,655</u>

See accompanying notes to the financial statements.

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# Board of Management of Moss Park Arena

## Notes to the financial statements

December 31, 2023

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### 1. Nature of operations

The Board of Management of Moss Park 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 381-74, as amended. The Board of Management operates and manages the Arena on behalf of the City of Toronto (the "City").

Under the By-Law, the Board of Management, at the end of each fiscal year, shall pay to the City all revenue received by the Board over and above that necessary to pay all the charges, costs and expenses resulting from or incidental to the management and control of the premises.

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

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### 2. Significant accounting policies

#### Basis of accounting

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

#### Revenue recognition

Ice rental revenues, hockey school, camps and league operations, facility rentals, snack bar operations and pro shop operations are recognized 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, accounts receivable and due to City of Toronto.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and due to City of Toronto.

#### Inventories

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

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**Board of Management of Moss Park Arena**  
**Notes to the financial statements**

December 31, 2023

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**2. 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:

Computer equipment	3 years straight-line
Machinery and equipment	10 years straight-line

**Contributed materials and services**

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

Services provided without charge by the City are not recorded in these financial statements.

**Employee related costs**

The Arena has adopted the following policies with respect to employee benefit plans:

- a) The City offers a multi-employer defined benefit pension plan (the “Plan”) to the Arena's employees. Due to the nature of the Plan, the Arena does not have sufficient information to account for the Plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.
- b) The Arena also offers its eligible employees a defined benefit health and dental plan, a long-term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Arena recognizes an accrued benefit liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains/ losses.

# Board of Management of Moss Park Arena

## Notes to the financial statements

December 31, 2023

### 2. Significant accounting policies (continued)

#### Use of estimates

The preparation of financial statements in accordance 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 revenue and expenses during the reporting period. Management makes accounting estimates when determining useful life of its tangible capital assets, assessing the allowance of doubtful accounts, significant accrued liabilities and the post-employment benefits 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.

### 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. Due from (to) City of Toronto – operating deficit (surplus)

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ (37,842)	\$ (153,203)
Operating deficit	74,222	119,742
Amortization of tangible capital assets	<u>(2,893)</u>	<u>(4,381)</u>
Balance, end of year	<u>\$ 33,487</u>	<u>\$ (37,842)</u>

# Board of Management of Moss Park Arena

## Notes to the financial statements

December 31, 2023

### 5. Post-employment benefits payable and accounts receivable – City of Toronto

The Arena participates in a benefit plan provided by the City of Toronto. The Arena provides administrative employees with long-term disability benefits and the continuation of health, dental and life insurance benefits to disabled employees.

The Arena also provides health, dental, accidental death and disability, life insurance and long-term disability benefits to eligible employees. Depending on length of service and individuals' election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 2021 with projections to December 31, 2024. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2.0%
- assumed health care cost trends - range from 3.0% to 5.0%
- rate of compensation increase - 3.0%
- discount rates - post-retirement 2.7%, post-employment 2.0%, sick leave 2.1%

Information about the Arena's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2023</u>	<u>2022</u>
Post-retirement benefits	\$ 118,046	\$ 105,128
Sick leave benefits	17,142	16,613
Income benefits	67,167	88,539
Continuation of benefits to disabled employees	<u>44,022</u>	<u>55,933</u>
	246,377	266,213
 Unamortized actuarial loss	 <u>(55,943)</u>	 <u>(61,844)</u>
Post-employment benefit liability	<u>\$ 190,434</u>	<u>\$ 204,369</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 204,369	\$ 259,235
Current service cost	3,356	4,261
Interest cost	10,901	7,556
Amortization of actuarial loss	12,456	15,460
Expected benefits paid	<u>(40,648)</u>	<u>(82,143)</u>
Balance, end of year	<u>\$ 190,434</u>	<u>\$ 204,369</u>

A long-term receivable from the City of \$190,434 (2022 - \$204,369) has resulted from the recording of sick leave and post-retirement benefits. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities that may be incurred by the Arena.

## Board of Management of Moss Park Arena

### Notes to the financial statements

December 31, 2023

#### 5. Post-employment benefits payable and accounts receivable – City of Toronto (continued)

The Arena also 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 \$45,846 in 2023 (2022 - \$45,052).

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 contributions. Additional contributions, if any, required to address the Arena's proportionate share of the deficit will be expensed during the period incurred.

#### 6. 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>
Machinery and equipment	\$ 73,829	\$ 52,147	\$ 21,682	\$ 24,575
Computer equipment	<u>21,315</u>	<u>21,315</u>	<u>-</u>	<u>-</u>
	<u>\$ 95,144</u>	<u>\$ 73,462</u>	<u>\$ 21,682</u>	<u>\$ 24,575</u>

#### 7. Emergency funding

The Arena received \$222,910 (2022 - \$285,249) from the City of Toronto as emergency funding to support cash shortfalls resulting from the closures during 2020 to 2022.

#### 8. Vehicle and equipment reserve contributions

This reserve represents contributions made to the City for the financing of replacement ice resurfacer machines required by the Arena in future years. The contribution for this year was \$14,000 (2022 - \$14,000).

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# Board of Management of Moss Park Arena

## Notes to the financial statements

December 31, 2023

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**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 represent the budget adopted by the Arena with the following adjustments:

Budgeted annual operating surplus	\$ 8,300
Less:	
Amortization of tangible capital assets	<u>(2,893)</u>
Budgeted annual operating surplus per Statement of Operations	<u>\$ 5,407</u>

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**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 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.

**Liquidity risk**

Liquidity risk refers to the adverse consequence that the Arena will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities, government remittances payable, due to City of Toronto and post-employment benefits payable. The Arena manages liquidity risk by monitoring its cash flow requirements on a regular basis. Management believes its overall liquidity risk to be minimal as the Arena's financial assets are considered to be highly liquid.

**Changes in risk**

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

# Board of Management of Moss Park Arena Hockey School, Camp and League Operations

Year ended December 31, 2023

Schedule A

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
<b>Sales</b>			
Hockey League Registration	\$ 120,000	\$ 46,540	\$ 19,164
Hockey Winter League	75,000	29,058	15,517
Hockey School Camp	40,000	27,575	7,223
Hockey School Registration	45,000	27,137	10,686
	<u>280,000</u>	<u>130,310</u>	<u>52,590</u>
<b>Direct expenses</b>			
Hockey League Referees	30,000	15,990	6,320
Hockey School and Camp	-	-	195
	<u>30,000</u>	<u>15,990</u>	<u>6,515</u>
<b>Surplus of revenue over expenses</b>	<u>\$ 250,000</u>	<u>\$ 114,320</u>	<u>\$ 46,075</u>



# Board of Management of Moss Park Arena

## Snack Bar and Vending Operations and Pro Shop and Skate Sharpening Operations

Year ended December 31, 2023

Schedule B

### Snack Bar and Vending Operations

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
<b>Sales</b>			
Snack bar and vending machine operations	\$ 20,000	\$ 8,232	\$ 2,250
Less: Cost of goods sold	<u>18,000</u>	<u>7,749</u>	<u>1,928</u>
<b>Gross profit</b>	<u>\$ 2,000</u>	<u>\$ 483</u>	<u>\$ 322</u>

### Pro Shop and Skate Sharpening Operations

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
<b>Sales</b>			
Pro shop and skate sharpening	\$ 30,000	\$ 7,092	\$ 4,934
Less: Cost of goods sold	<u>-</u>	<u>8</u>	<u>-</u>
<b>Gross profit</b>	<u>\$ 30,000</u>	<u>\$ 7,084</u>	<u>\$ 4,934</u>

April 28, 2025

Finance Committee and Board of Management of  
Moss Park Arena  
140 Sherbourne Street  
Toronto, ON M5A 2R6

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In connection with our audit of the financial statements of Moss Park 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 of duties

In common with other organizations with a small accounting team, we noted an issue surrounding segregation of duties. It was noted that the Manager and Facilities Supervisor have the ability to post and approve journal entries in QuickBooks by way of administrator access to the shared accounting software. With the use of this shared administrator access, the software isn't tracking who is completing which tasks within the software. In addition, the passwords are saved and automatically logged in.

Individual logins and tracking within the software provide a better control to document who has either posted or approved an entry or made a change within the accounting software.

Management has a mitigating control in place whereby members of the Finance Committee and Board of Management perform a monthly review of the financial package which includes the journal entries. In addition, bank reconciliations are performed monthly, two signatures are required on every cheque payment and the computer is in a locked office.

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

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## 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.

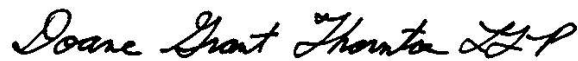
## Conclusion

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 April 28, 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

A handwritten signature in black ink that reads "Doane Grant Thornton LLP". The script is cursive and fluid, with the letters "D", "G", and "T" being particularly prominent.

Melanie Dugard, CPA, CA  
Principal