



Financial statements

Committee of Management of Ted Reeve  
Community Arena

December 31, 2024

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**Management’s responsibility for the financial statements**

The financial statements of the Committee of Management of Ted Reeve Community Arena (the "Arena") are the responsibility of management and have been approved by the Committee of Management.

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

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

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

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

The financial statements have been audited by 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:  
  
F377995EEB7346D... Chairperson

DocuSigned by:  
  
D3983E36A7614D4... 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  
**Ted Reeve Community Arena**

## Opinion

We have audited the financial statements of Ted Reeve Community 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 Ted Reeve Community 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*

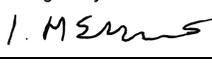
Toronto, Canada  
December 8, 2025

Chartered Professional Accountants  
Licensed Public Accountants

## Committee of Management of Ted Reeve Community Arena Statement of financial position

December 31	2024	2023
<b>Financial assets</b>		
Cash	\$ 327,196	\$ 41,612
Portfolio investments (Note 4)	-	300,000
Accounts receivable	77,090	9,963
Inventories held for resale	<u>5,460</u>	<u>276</u>
	<u><b>409,746</b></u>	<u><b>351,851</b></u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	324,329	62,817
Due to City of Toronto - operating surplus (Note 6)	49,786	260,330
Deferred revenue	20,631	13,704
Due to City of Toronto – working capital advance (Note 1)	<u>15,000</u>	<u>15,000</u>
	<u><b>409,746</b></u>	<u><b>351,851</b></u>
<b>Net debt</b>	<u>-</u>	<u>-</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	<u>295,815</u>	<u>202,546</u>
<b>Accumulated surplus</b>	<u><b>\$ 295,815</b></u>	<u><b>\$ 202,546</b></u>

Approved by the Board:

Signed by:  
  
 \_\_\_\_\_ Chair  
F377995EEB7346D...

DocuSigned by:  
  
 \_\_\_\_\_ Treasurer  
D3985E36A7614D4...

See accompanying notes to the financial statements.

# Committee of Management of Ted Reeve Community Arena

## Statement of operations

Year ended December 31

	2024 Budget	2024 Actual	2023 Actual
<b>Revenue</b>			
Ice rentals	\$ 1,162,000	\$ 1,214,510	\$ 523,687
DayCare 55	94,000	94,000	92,333
Other	19,600	38,555	6,715
Snack bar and vending machine operations (Schedule A) (net)	23,500	(1,088)	(5,343)
Lacrosse and summer rentals	44,000	69,689	-
	<u>1,343,100</u>	<u>1,415,666</u>	<u>617,392</u>
<b>Expenses</b>			
Salaries and wages	512,000	517,388	360,289
Employee benefits	123,450	122,869	96,655
Maintenance and repairs	315,700	235,170	107,068
Utilities	258,000	231,340	133,695
Office and administration	46,700	86,976	31,351
Amortization	43,696	43,696	29,971
Professional fees	32,000	36,293	31,600
Insurance	1,300	263	3,864
Short term disability benefits	-	-	9,200
	<u>1,332,846</u>	<u>1,273,995</u>	<u>803,693</u>
Excess of revenue over expenses (expenses over revenue) before vehicle and equipment reserve contribution and government transfers	10,254	141,671	(186,301)
Vehicle and equipment reserve contribution (Note 7)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess of revenue over expenses (expenses over revenue) before government transfers	<u>(39,746)</u>	<u>91,671</u>	<u>(186,301)</u>
Government transfer due from the City of Toronto (Note 6)	<u>-</u>	<u>1,598</u>	<u>158,329</u>
<b>Annual surplus (deficit)</b>	(39,746)	93,269	(27,972)
<b>Accumulated surplus, beginning of year</b>	<u>202,546</u>	<u>202,546</u>	<u>230,518</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 162,800</u>	<u>\$ 295,815</u>	<u>\$ 202,546</u>

See accompanying notes to the financial statements.

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## Committee of Management of Ted Reeve Community Arena Statement of changes in net debt

December 31

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	<u>2024</u> Budget	<u>2024</u> Actual	<u>2023</u> Actual
Annual surplus (deficit)	\$ (39,746)	\$ <b>93,269</b>	\$ (27,972)
Acquisition of tangible capital assets	-	<b>(136,965)</b>	(1,999)
Amortization of tangible capital assets	<u>43,696</u>	<u><b>43,696</b></u>	<u>29,971</u>
Changes in net debt	3,950	-	-
Net debt, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net debt, end of year	<u>\$ 3,950</u>	<u>\$ -</u>	<u>\$ -</u>

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See accompanying notes to the financial statements.

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## Committee of Management of Ted Reeve Community Arena

### Statement of cash flows

Year ended December 31	2024	2023
<b>Cash flows from operating activities</b>		
Annual surplus (deficit)	\$ 93,269	\$ (27,972)
Adjustment for item not requiring cash:		
Amortization	<u>43,696</u>	<u>29,971</u>
	<b>136,965</b>	1,999
Non-cash items:		
Accounts receivable	(67,127)	46,808
Inventories held for resale	(5,184)	8,327
Accounts payable and accrued liabilities	261,512	(180,406)
Due to City of Toronto – operating surplus	(210,544)	(158,329)
Deferred revenue	<u>6,927</u>	<u>(6,739)</u>
	<u>122,549</u>	<u>(288,340)</u>
<b>Cash flows from capital transactions</b>		
Purchase of tangible capital assets	<u>(136,965)</u>	<u>(1,999)</u>
<b>Cash flows from investing transactions</b>		
Redemption (purchase) of portfolio investments	<u>300,000</u>	<u>(300,000)</u>
Increase (decrease) in cash	<b>285,584</b>	(590,339)
Cash, beginning of year	<u>41,612</u>	<u>631,951</u>
Cash, end of year	<b>\$ 327,196</b>	<b>\$ 41,612</b>

See accompanying notes to the financial statements.

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# Committee of Management of Ted Reeve Community Arena

## Notes to the financial statements

December 31, 2024

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### 1. Nature of operations

The Toronto East Arena Gardens Incorporated operating as the Committee of Management of Ted Reeve Community Arena (the "Arena") was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code, By-Law No 19484, as amended. The Committee of Management operates and manages the Arena on behalf of the City of Toronto (the "City").

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

The Committee of Management retains a working cash advance of \$15,000 provided by the City, to be returned to the City upon the Committee 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.

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

Revenue for exchange transactions with performance obligations are recognized when performance obligations are met by providing the goods or services to the payor.

For rental and other revenues, performance obligations are met when the service has been provided. Ice rentals paid in advance are recorded as deferred revenue.

Snack bar and vending revenues are recognized when the goods have been provided.

#### 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, portfolio investments and accounts receivable.

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

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# Committee of Management of Ted Reeve Community Arena

## Notes to the financial statements

December 31, 2024

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### 2. Significant accounting policies (continued)

#### Portfolio investments

Portfolio investments include guaranteed investment certificates (“GICs”) with maturity dates within twelve months from the date of the statement of financial position.

If there is a loss in value of a portfolio investments other than a temporary decline, the investment is written down to recognize the loss in the statement of operations. A write-down is not subsequently reversed.

#### 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 less accumulated amortization and write-downs, if any. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	4 - 15 years straight-line
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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.

#### Employee related costs-pension plan

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.

#### Employee related costs-short term disability plan

The Arena has established a self-funded short term disability plan, which provides a top up to the employment insurance sickness benefit. Benefits paid under this plan are expensed in the statement of operations as incurred.

#### 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, assessing the allowance of doubtful accounts, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

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# Committee of Management of Ted Reeve Community Arena

## Notes to the financial statements

December 31, 2024

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### 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.

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### 3. Change in accounting policy

Effective January 1, 2024, the Arena adopted PS3400 *Revenues* retroactively with no restatement required. There has been no adjustments required as a result of this adoption.

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.

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### 4. Portfolio investments

	<u>2024</u>	<u>2023</u>
GIC matured November 10, 2024, bearing interest at 4.75%	\$ -	\$ 300,000

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### 5. Tangible capital assets

Tangible capital assets consist of the following:

	<u>2024</u>	<u>2023</u>
Cost		
Beginning of year	\$ 381,396	\$ 379,397
Add: additions during the year	136,965	1,999
Less: disposals during the year	<u>66,510</u>	<u>-</u>
End of year	<u>451,851</u>	<u>381,396</u>
Accumulated amortization		
Beginning of year	178,850	148,879
Add: amortization during the year	43,696	29,971
Less: disposals during the year	<u>66,510</u>	<u>-</u>
End of year	<u>156,036</u>	<u>178,850</u>
Net book value	<u>\$ 295,815</u>	<u>\$ 202,546</u>

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## Committee of Management of Ted Reeve Community Arena Notes to the financial statements

December 31, 2024

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### 6. Due to City of Toronto – operating surplus

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

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	<u>\$ (260,330)</u>	<u>\$ (418,659)</u>
Current year's operating (surplus) deficit	<b>(91,671)</b>	186,301
Current year's capital asset purchases	<b>136,965</b>	1,999
Current year's amortization	<u><b>(43,696)</b></u>	<u>(29,971)</u>
Net receivable from the City of Toronto	<b>1,598</b>	158,329
Paid during the current year	<u><b>208,946</b></u>	<u>-</u>
Balance, end of year	<u><b>\$ (49,786)</b></u>	<u>\$ (260,330)</u>

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

	<u>2024</u>	<u>2023</u>
2018 operating surplus payable	<u><b>\$ (78,587)</b></u>	<u>\$ (78,587)</u>
2019 operating surplus payable	<b>(17,927)</b>	(17,927)
2021 operating surplus payable	-	(208,946)
2022 operating surplus payable	<b>(113,199)</b>	(113,199)
2023 operating deficit receivable	<b>158,329</b>	158,329
2024 operating deficit receivable	<u><b>1,598</b></u>	<u>-</u>
	<u><b>\$ (49,786)</b></u>	<u>\$ (260,330)</u>

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### 7. Vehicle and equipment reserve contributions

This reserve represents contribution made to the City for the financing of replacement ice resurface machine required by the Arena in future years. The contribution for the year was \$50,000 (2023 - \$ Nil).

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### 8. Contractual rights

During the year, Community Centre 55 renewed their lease for a period of 5 years, effective March 1, 2023, and expiring February 29, 2028. Rental rate is \$7,833 per month for the term of the lease.

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# Committee of Management of Ted Reeve Community Arena

## Notes to the financial statements

December 31, 2024

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### 9. Employee related expenses

#### Pension plan

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 \$41,361 (2023 - \$32,449).

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.

#### Self-funded short term disability plan

This Plan provides income protection to eligible employees, by way of a top up from the date of injury/illness, if the disability is due to an accident or resulting in immediate hospitalization, or after seven consecutive calendar days of absence for all other disabilities up to the protection provided by the insured Long-Term Disability Plan. The Arena will top up Canada's Employment Insurance benefit to 100% of the employee's pre-disability wages. In addition to providing the important top up benefit, the short-term disability plan enables employees to access supportive, disability case management and rehabilitation services throughout their absence and their return to work.

Any payments made under this plan are expensed in the statement of operations as incurred.

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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, market and liquidity risk. The significant risks that the Arena is exposed to are noted below. There have been no significant changes in the Arena's risk exposures from the prior year.

#### 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.

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# Committee of Management of Ted Reeve Community Arena

## Notes to the financial statements

December 31, 2024

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### 10. Financial instruments (continued)

#### 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	\$ 324,329	\$ -	\$ -	\$ -	\$ 324,329
Due to City of Toronto	49,786	-	-	15,000	64,786
Total	<u>\$ 374,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 389,115</u>

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### 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 Changes in Net Debt represent the budget adopted by the Arena with the following adjustments:

Budgeted annual operating surplus	\$ 3,950
Add: Acquisition of tangible capital assets	-
Less: Amortization of tangible capital assets	<u>(43,696)</u>
Budgeted annual deficit per statement of operations	<u>\$ (39,746)</u>

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**Committee of Management of Ted Reeve Community Arena**  
**Schedule A: Snack bar and vending operations**

December 31, 2024

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	2024 <u>Budget</u>	<b>2024 Actual</b>	2023 <u>Actual</u>
<b>Sales</b>			
Snack bar and vending	\$ 90,000	\$ <b>72,218</b>	\$ 27,383
Vending machine	<u>5,000</u>	<u><b>2,628</b></u>	<u>1,147</u>
	95,000	<b>74,846</b>	28,530
Cost of good sold	<u>38,800</u>	<u><b>40,353</b></u>	<u>17,332</u>
	<u>56,200</u>	<u><b>34,493</b></u>	<u>11,198</u>
<b>Expenses</b>			
Wages	32,700	<b>35,581</b>	16,541
Maintenance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>32,700</u>	<u><b>35,581</b></u>	<u>16,541</u>
<b>Excess (expenses over revenue)</b>			
<b>revenue over expenses</b>	<u>\$ 23,500</u>	<u>\$ <b>(1,088)</b></u>	<u>\$ (5,343)</u>

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November 12, 2025

Committee of Management  
Ted Reeve Community Arena  
175 Main Street  
Toronto, ON  
M4E 2W2

In connection with our audit of the financial statements of Ted Reeve Community 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**

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 is involved in all business processes, performs all tasks related to maintaining the financial records of the Arena, and has full access to all records associated with the financial reporting process.

The Arena Manager processes revenue transactions and deposits collections 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.

**Management response:**

*Management believes that it is not practical to have perfect segregation of duties due to the size of the Arena's administrative staff (Manager and one staff person).*

*It is the Arena Manager's responsibility to approve expenses for the day-to-day operations. The Board sets policy and procedures. The Arena Manager and the administrative staff, both process revenue transactions and collection of funds. The recording of payment and expenses are shared between Manager and Arena Administrative staff. This procedure allows as much segregation of duties as practically possible and offers a check and balance procedure to daily accounting.*

*During 9-10 meetings per year, the Board reviews summarized financial information and actual results against operating budgets. It should be noted that the Arena Manager is required to manage the expenses within the pre-approved budget. The Budget is discussed in detail with the Treasurer and then presented at a Board Meeting for approval, several months prior to the coming fiscal year. Any significant deviations from operating expenses are discussed at Board meetings.*

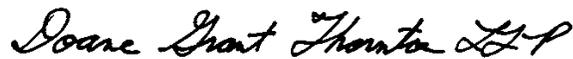
*Therefore, management believes that the current controls in place are sufficient given the size and complexity of the entity.*

**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 November 12, 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