

Financial statements

Board of Management of
William H. Bolton Arena

December 31, 2025

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Management’s responsibility for the financial statements

The financial statements of the Board of Management of William H. Bolton Arena (the "Arena") are the responsibility of management and have been approved by the Board of Management.

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

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

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

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

The financial statements have been audited by Doane Grant Thornton LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Arena's financial statements.

Signed by:

Michael Kane

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Chairperson

Signed by:

Richard Borner

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Treasurer

Independent auditor's report

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

Opinion

We have audited the financial statements of the Board of Management of William H. Bolton Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2025, and the statement of operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Board of Management of William H. Bolton Arena as at December 31, 2025, 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
June 11, 2026

Chartered Professional Accountants
Licensed Public Accountants

Board of Management of William H. Bolton Arena

Statement of financial position

December 31

2025

2024

Financial assets

Cash	\$ 185,543	\$ 56,529
Portfolio investments (Note 3)	576,316	879,584
Accounts receivable	1,708	-
Government remittances receivable	14,035	24,535
Inventories held for resale	20,600	20,398
	<u>798,202</u>	<u>981,046</u>

Financial liabilities

Accounts payable and accrued liabilities	119,444	76,231
Due to City of Toronto – operating surplus (Note 5)	126,928	390,625
Deferred revenue	541,830	504,190
Due to City of Toronto – working capital advances (Note 1)	10,000	10,000
	<u>798,202</u>	<u>981,046</u>

Net debt

-	-
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Non-financial assets

Tangible capital assets (Note 4)	<u>223,869</u>	<u>234,181</u>
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Accumulated surplus

\$ 223,869	\$ 234,181
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Approved by the Board:

Signed by:

Michael Kane

Chair

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Signed by:

Richard Bonnet

Member

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See accompanying notes to the financial statements.

Board of Management of William H. Bolton Arena

Statement of operations

Year ended December 31, 2025

	2025 Budget (Note 10)	2025 Actual	2024 Actual
Revenue			
Program registration	\$ 1,298,400	\$ 1,383,889	\$ 1,348,079
Ice rentals	207,300	193,883	183,943
Snack bar sales	99,800	102,968	97,845
Pro shop sales	53,200	91,449	98,167
Other revenue	54,500	29,171	32,563
City of Toronto funding (Note 9)	-	21,493	244,574
	<u>1,713,200</u>	<u>1,822,853</u>	<u>2,005,171</u>
Expenses			
Salaries and wages	578,000	579,050	550,154
Program material and supplies	388,900	428,142	431,939
Utilities	156,500	182,694	148,010
Maintenance and repairs	157,400	162,715	78,765
Employee benefits	143,000	135,915	134,917
Office and administration	136,200	110,557	152,368
Amortization	61,200	61,200	41,141
Professional fees	21,700	59,150	28,758
Snack bar supplies	58,100	54,257	48,551
Pro shop supplies	49,100	28,189	36,667
Insurance	4,900	4,629	3,262
	<u>1,755,000</u>	<u>1,806,499</u>	<u>1,654,532</u>
Excess (deficiency) of revenue over expenses before items below	(41,800)	16,355	350,639
Vehicle and equipment reserve contribution (Note 7)	<u>(27,000)</u>	<u>(27,000)</u>	<u>(25,000)</u>
(Deficiency) excess of revenue over expenses before government transfer to the City of Toronto	(68,800)	(10,645)	325,639
Government transfer from (to) the City of Toronto (Note 5)	<u>-</u>	<u>333</u>	<u>(127,261)</u>
Annual (deficit) surplus	(68,800)	(10,312)	198,378
Accumulated surplus, beginning of year	<u>234,181</u>	<u>234,181</u>	<u>35,803</u>
Accumulated surplus, end of year	<u>\$ 165,381</u>	<u>\$ 223,869</u>	<u>\$ 234,181</u>

See accompanying notes to the financial statements.

Board of Management of William H. Bolton Arena

Statement of changes in net debt

December 31

	2025 <u>Budget</u> (Note 10)	2025 <u>Actual</u>	2024 <u>Actual</u>
Annual surplus (deficit)	\$ (68,800)	\$ (10,312)	\$ 198,378
Acquisition of tangible capital assets	(50,888)	(50,888)	(239,519)
Amortization of tangible capital assets	61,200	61,200	41,141
Decrease in prepaid expenses	<u>-</u>	<u>-</u>	<u>62</u>
Changes in net debt	(58,488)	-	62
Net debt, beginning of year	<u>-</u>	<u>-</u>	<u>(62)</u>
Net debt, end of year	<u>\$ (58,488)</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Board of Management of William H. Bolton Arena

Statement of cash flows

Year ended December 31

2025

2024

Cash flows from operating activities

Annual (deficit) surplus	\$ (10,312)	\$ 198,378
Adjustment for item not requiring cash:		
Amortization	<u>61,200</u>	<u>41,141</u>
	<u>50,888</u>	<u>239,519</u>

Non-cash changes to operation

Accounts receivable	(1,708)	-
Government remittances receivable	10,500	(20,293)
Inventories held for resale	(202)	2,046
Accounts payable and accrued liabilities	43,213	(78,295)
Due to City of Toronto – operating surplus	(263,697)	127,261
Deferred revenue	37,640	10,818
Prepaid expenses	-	62
	<u>(123,366)</u>	<u>281,118</u>

Cash flows from investing transactions

Purchase of tangible capital assets	(50,888)	(239,519)
Purchase of and accrued interest on portfolio investments	<u>303,268</u>	<u>(470,426)</u>
	<u>252,380</u>	<u>(709,945)</u>

Increase (decrease) in cash 129,014 (428,827)

Cash, beginning of year 56,529 485,356

Cash, end of year \$ 185,543 \$ 56,529

See accompanying notes to the financial statements.

Board of Management of William H. Bolton Arena

Notes to the financial statements

December 31, 2025

1. Nature of operations

The Board of Management of William H. Bolton Arena (the "Arena") was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25 of the City of Toronto Municipal Code, By-Law No 318-71, as amended. The Board of Management operates and manages the Arena on behalf of the City of Toronto.

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

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

2. Significant accounting policies

Basis of accounting

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

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, hockey schools and camp fees 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.

Portfolio investments

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

Financial instruments

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

Board of Management of William H. Bolton Arena

Notes to the financial statements

December 31, 2025

2. Significant accounting policies (continued)

Financial instruments (continued)

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 government remittances receivable.

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

Inventories

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

Tangible capital assets

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

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

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 of Toronto are not recorded in these financial statements. Other contributed materials and services are not recognized in the financial statements due to difficulty of determining their fair value.

Employee related costs

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

Board of Management of William H. Bolton Arena

Notes to the financial statements

December 31, 2025

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the useful life of its tangible capital assets, accessing the allowance of doubtful accounts, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and in any future years affected.

3. Portfolio Investments

	<u>2025</u>	<u>2024</u>
GIC maturing February 3, 2026, bearing interest at 1.75%	\$ 109,201	\$ 107,723
GIC maturing October 2, 2026, bearing interest at 2.15%	467,115	453,646
GIC matured February 3, 2025, bearing interest at 4.30%	-	107,561
GIC matured August 25, 2025, bearing interest at 3.75%	-	210,654
	<u>\$ 576,316</u>	<u>\$ 879,584</u>

4. Tangible capital assets

Tangible capital assets consist of the following:

	<u>Furniture and equipment</u>	<u>Computer equipment</u>	<u>2025</u>	<u>2024</u>
Cost				
Beginning of year	\$ 362,680	\$ 36,537	\$ 399,217	\$ 159,698
Add: additions during the year	48,628	2,260	50,888	239,519
Less: disposals during the year	-	-	-	-
End of year	<u>411,308</u>	<u>38,797</u>	<u>450,105</u>	<u>399,217</u>
Accumulated amortization				
Beginning of year	134,589	30,447	165,036	123,895
Add: amortization during the year	54,734	6,466	61,200	41,141
Less: disposals during the year	-	-	-	-
End of year	<u>189,323</u>	<u>36,913</u>	<u>226,236</u>	<u>165,036</u>
Net book value	<u>\$ 221,985</u>	<u>\$ 1,884</u>	<u>\$ 223,869</u>	<u>\$ 234,181</u>

Board of Management of William H. Bolton Arena

Notes to the financial statements

December 31, 2025

5. Due to the City of Toronto – Operating surplus

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ (390,625)	\$ (263,364)
Current year's operating deficit (surplus)	10,645	(325,639)
Current year's capital assets purchase	50,888	239,519
Current year's amortization	<u>(61,200)</u>	<u>(41,141)</u>
Net receivable from (payable to) the City of Toronto	333	(127,261)
Paid to the City of Toronto during the current year	<u>263,364</u>	<u>-</u>
Balance, end of year	<u>\$ (126,928)</u>	<u>\$ (390,625)</u>

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

2022 surplus payable	\$ -	\$ (245,711)
2023 surplus payable	-	(17,653)
2024 surplus payable	(127,261)	(127,261)
2025 deficit receivable	<u>333</u>	<u>-</u>
	<u>\$ (126,928)</u>	<u>\$ (390,625)</u>

Board of Management of William H. Bolton Arena

Notes to the financial statements

December 31, 2025

6. Pension agreements

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 \$33,440 (2024 - \$32,463).

The most recent actuarial valuation of the Plan as at December 31, 2025 indicates the Plan is in a deficit position and the Plan's December 31, 2025 financial statements indicate a net deficit of \$6,127 million (a deficit of \$1,322 million plus adjustment of \$4,805 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 contribution is for the financing of replacement ice resurfacer machine required by the Arena in future years. The contribution for the year was \$27,000 (2024 - \$25,000).

8. Financial instruments

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

Credit risk

The Arena is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Arena's maximum exposure to credit risk represents the sum of the carrying value of its cash. The Arena's cash is with Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Arena earns interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

Board of Management of William H. Bolton Arena

Notes to the financial statements

December 31, 2025

8. Financial instruments (continued)

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	\$ 119,444	\$ -	\$ -	\$ -	\$ 119,444
Due to City of Toronto	126,928	-	-	10,000	136,928
Total	\$ 246,372	\$ -	\$ -	\$ 10,000	\$ 256,372

Change in risk

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

9. City of Toronto funding

The Arena received \$21,493 (2024 - \$244,574) from the City of Toronto to support cash shortfall due to expected closures for repair in 2025.

Board of Management of William H. Bolton Arena

Notes to the financial statements

December 31, 2025

10. 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	\$ (7,600)
Less:	
Amortization of tangible capital assets	<u>(61,200)</u>
Budgeted annual operating deficit per Statement of Operations	<u>\$ (68,800)</u>

11. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

May 29, 2026

The Board of Management
William H. Bolton Arena
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Doane Grant Thornton LLP

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In connection with our audit of the financial statements of William H. Bolton Arena (the "Arena") as of December 31, 2025 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.

The Arena Manager has transitioned to a review and oversight role but continues to have admin access to all financial systems and 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.

Management's response:

Management has a mitigating control in place whereby members of the Board of Management and the Arena Manager perform a monthly review of the financial package which includes internal financial statements comparing actual results to budget, the journal entries, and bank reconciliations.

Last year management made changes to its accounting processes whereby the Arena's accountant enters all financial transactions in the Arena's accounting system while the Arena Manager has moved to a review and oversight role. The accountant is responsible for reconciling the Arena's revenue sources to the bank transfers by the Arena's payment processing service providers.

This year the Arena has added an additional mitigating control by going cashless in its concession operations.

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

Other deficiencies

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.

Management's response:

The Board of Management will approve a formal capitalization policy and maintain and review a detailed asset register annually.

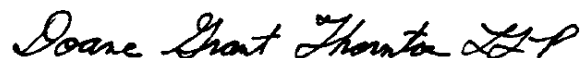
Conclusion

The matters reported in this communication are limited to those deficiencies we identified during the audit that we considered to be of sufficient importance to communicate to management and, in the case of significant deficiencies, those charged with governance. Had we performed more extensive procedures on internal control, including procedures subsequent to May 29, 2026, we might have identified more deficiencies or reached different conclusions about the deficiencies included in this communication.

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

Yours sincerely,

Doane Grant Thornton LLP

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

Melanie Dugard, CPA, CA
Principal