



Financial statements

Committee of Management of
Larry Grossman Forest Hill Memorial Arena

December 31, 2025

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Management's responsibility for the financial statements

The financial statements of the Committee of Management of Larry Grossman Forest Hill Memorial Arena (the "Arena") are the responsibility of management and have been approved by the Committee of Management.

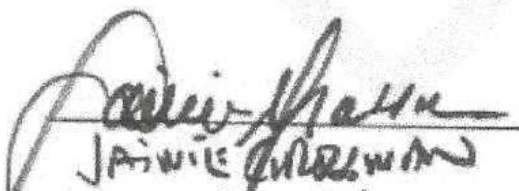
The financial statements have been prepared in compliance with the Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the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


Chairperson

Treasurer
Neil Greenbaum

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
Larry Grossman Forest Hill Memorial Arena

Opinion

We have audited the accompanying financial statements of the Committee of Management of Larry Grossman Forest Hill Memorial Arena (the "Arena"), which comprise the statement of financial position as at December 31, 2025, 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, 2025 and the results of its operations 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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
June 25, 2026

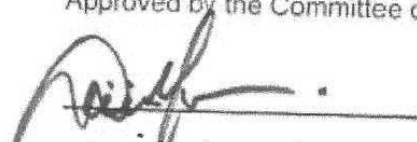
Chartered Professional Accountants
Licensed Public Accountants

Committee of Management of Larry Grossman Forest Hill Memorial Arena

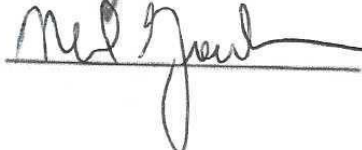
Statement of financial position

December 31	2025	2024
Financial assets		
Cash	\$ 56,923	\$ 30,680
Due from City of Toronto – operating deficit(Note 3)	35,191	-
Accounts receivable	<u>112,595</u>	<u>147,800</u>
	<u>204,709</u>	<u>178,480</u>
Liabilities		
Accounts payable and accrued liabilities	191,325	131,386
Due to City of Toronto – operating surplus (Note 3)	-	36,744
Deferred revenue	40,120	28,320
Due to City of Toronto – working capital advance (Note 4)	<u>10,000</u>	<u>10,000</u>
	<u>241,445</u>	<u>206,450</u>
Net debt	<u>(36,736)</u>	<u>(27,970)</u>
Non-financial assets		
Inventories	36,736	27,970
Tangible capital assets (Note 5)	<u>393,277</u>	<u>211,042</u>
	<u>430,013</u>	<u>239,012</u>
Accumulated surplus	<u>\$ 393,277</u>	<u>\$ 211,042</u>

Approved by the Committee of Management:



Chair



Member / Treasurer

See accompanying notes to the financial statements.

Committee of Management of Larry Grossman Forest Hill Memorial Arena

Statement of operations

Year ended December 31

	<u>Budget</u>	<u>2025</u>	<u>2024</u>
Revenue			
Ice rentals	\$ 1,466,000	\$ 1,561,911	\$ 1,433,439
Snack bar and vending machine operations (Schedule A)	60,000	78,586	60,467
Other	50,000	72,311	74,859
Pro shop operations (Schedule A)	40,000	69,736	64,865
	<u>1,616,000</u>	<u>1,782,544</u>	<u>1,633,630</u>
Expenses			
Salaries and wages	650,000	679,179	625,010
Utilities	310,000	372,864	314,092
Maintenance and repairs	260,000	263,291	283,289
Employee benefits	161,000	162,496	154,884
General administration	132,000	73,800	76,790
Amortization	30,000	47,942	24,924
Professional fees	34,000	30,162	34,036
Insurance	4,000	5,099	3,766
	<u>1,581,000</u>	<u>1,634,833</u>	<u>1,516,791</u>
Excess of revenue over expenses before items below	35,000	147,711	116,839
Vehicle and equipment reserve contribution (Note 7)	<u>(30,000)</u>	<u>(35,000)</u>	<u>(50,000)</u>
Excess of revenue over expenses before government transfer from (to) the City of Toronto	5,000	112,711	66,839
Net expenditure receivable from / (payable to) the City of Toronto (Note 3)	-	<u>69,524</u>	<u>(34,333)</u>
Annual surplus	(25,000)	182,235	32,506
Accumulated surplus, beginning of year	<u>211,042</u>	<u>211,042</u>	<u>178,536</u>
Accumulated surplus, end of year	<u>\$ 186,042</u>	<u>\$ 393,277</u>	<u>\$ 211,042</u>

See accompanying notes to the financial statements.

Committee of Management of Larry Grossman Forest Hill Memorial Arena

Statement of changes in net debt

December 31

	<u>Budget</u>	<u>2025</u>	<u>2024</u>
Annual surplus	\$ 5,000	\$ 182,235	\$ 32,506
Acquisition of tangible capital assets	-	(230,177)	(57,430)
Amortization of tangible capital assets	30,000	47,942	24,924
Acquisition of inventories, net	<u>-</u>	<u>(8,766)</u>	<u>(8,140)</u>
Changes in net debt	35,000	(8,766)	(8,140)
Net debt, beginning of year	<u>(27,970)</u>	<u>(27,970)</u>	<u>(19,830)</u>
Net (debt) surplus, end of year	<u>\$ 7,030</u>	<u>\$ (36,736)</u>	<u>\$ (27,970)</u>

See accompanying notes to the financial statements.

Committee of Management of Larry Grossman Forest Hill Memorial Arena

Statement of cash flows

Year ended December 31

2025

2024

Increase (decrease) in cash

Operating

Annual surplus	\$ 182,235	\$ 32,506
Adjustments for:		
Amortization	<u>47,942</u>	<u>24,924</u>
	230,177	57,430
Non-cash changes to operations:		
Accounts receivable	35,205	(27,311)
Inventories	(8,766)	(8,140)
Accounts payable and accrued liabilities	59,939	34,669
Due to/from City of Toronto – operating surplus/deficit	(71,935)	34,333
Deferred revenue	<u>11,800</u>	<u>(18,907)</u>
	256,420	72,074

Capital transactions

Acquisition of tangible capital assets	<u>(230,177)</u>	<u>(57,430)</u>
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Increase in cash	26,243	14,644
Cash, beginning of year	<u>30,680</u>	<u>16,036</u>
Cash, end of year	<u>\$ 56,923</u>	<u>\$ 30,680</u>

See accompanying notes to the financial statements.

Committee of Management of Larry Grossman Forest Hill Memorial Arena

Notes to the financial statements

December 31, 2025

1. Nature of operations

The Committee of Management of Larry Grossman Forest Hill Memorial Arena (the "Arena") was established as a community recreation centre under the Community Recreation Centres Act, pursuant to Chapter 25 of the City of Toronto Municipal Code, By-Law No. 361-70 of the former Village of Forest Hill, as amended. The Committee of Management (the "Committee") 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 expenses resulting from or incidental to the management and control of the premises.

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.

Ice rental revenues are recognized on the event date. Snack bar and pro shop sales are recognized at the time of sale. Advertising revenues are recognized over the terms indicated in the agreements. Ice rental and advertising fees received in advance are deferred and recognized in the period to which it relates.

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 amounts due from the City.

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

Committee of Management of Larry Grossman Forest Hill Memorial Arena

Notes to the financial statements

December 31, 2025

2. Significant accounting policies (continued)

Inventories

Inventories held for resale are initially valued at cost and subsequently 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:

Building improvements	10 years straight-line
Arena 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. Other contributed materials and services are not recognized in the financial statements due to the difficulty of determining their fair value.

Employee related costs

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

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates 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 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.

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.

Committee of Management of Larry Grossman Forest Hill Memorial Arena

Notes to the financial statements

December 31, 2025

3. Due to the City of Toronto – operating surplus/deficit

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ (36,744)	\$ (2,411)
Current year's operating surplus	\$ (112,711)	\$ (66,839)
Current year's tangible capital assets purchase	230,177	57,430
Current year's amortization	(47,942)	(24,924)
Net balance (payable to) receivable from the City of Toronto	<u>69,524</u>	<u>(34,333)</u>
Paid during the current year	<u>2,411</u>	-
Balance, end of year	<u>\$ 35,191</u>	<u>\$ (36,744)</u>

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

2022 surplus	\$ -	\$ (22,994)
2023 deficit	-	20,583
2024 surplus	(34,333)	(34,333)
2025 deficit	<u>69,524</u>	<u>-</u>
	<u>\$ 35,191</u>	<u>\$ (36,744)</u>

4. Due to the City of Toronto – working capital advance

The Arena retains a working cash advance provided by the City, for the management and control of the premises, to be returned to the City upon the Arena ceasing to function for any reason.

5. Tangible capital assets

			<u>2025</u>	<u>2024</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building improvements	\$ 322,048	\$ 53,038	\$ 269,010	\$ 112,047
Arena equipment	<u>157,370</u>	<u>33,103</u>	<u>124,267</u>	<u>98,995</u>
	<u>\$ 479,418</u>	<u>\$ 86,141</u>	<u>\$ 393,277</u>	<u>\$ 211,042</u>

Committee of Management of Larry Grossman Forest Hill Memorial Arena

Notes to the financial statements

December 31, 2025

6. Employee related cost

The Arena makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf 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 rate of pay. Employer contributions to this pension plan amounted to \$48,142 in 2025 (2024 - \$38,050) and are included in salaries and wages expense.

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 replacement reserve

These contributions are for the financing of replacement ice resurface machines required by the Arenas in future years. The contribution for the year was \$35,000 (2024 - \$50,000).

8. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Arena's financial instruments.

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 these items to be remote.

Management believes that the Arena's credit risk with respect to accounts receivable is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Committee of Management of Larry Grossman Forest Hill Memorial 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 meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities and amounts due to the City of Toronto. 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.

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	\$ 191,325	\$ -	\$ -	\$ -	\$ 191,325
Due to City of Toronto	10,000	-	-	-	10,000

Changes in risk

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

Committee of Management of Larry Grossman Forest Hill Memorial Arena

December 31, 2025

Schedule A

Snack bar and vending machine operations

	<u>Budget</u>	<u>2025</u>	<u>2024</u>
Snack bar sales	\$ 135,000	\$ 150,740	\$ 136,309
Cost of goods sold	<u>75,000</u>	<u>72,154</u>	<u>75,842</u>
Gross profit	\$ <u>60,000</u>	\$ <u>78,586</u>	\$ <u>60,467</u>

Pro Shop Operations

	<u>Budget</u>	<u>2025</u>	<u>2024</u>
Pro shop sales	\$ 65,000	\$ 80,001	\$ 71,979
Cost of goods sold	<u>25,000</u>	<u>10,265</u>	<u>7,114</u>
Gross profit	\$ <u>40,000</u>	\$ <u>69,736</u>	\$ <u>64,865</u>

June 25, 2026

Committee of Management
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In connection with our audit of the financial statements of Larry Grossman Forest Hill Memorial 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

Lack of segregation duties

In common with other organizations with a small accounting team, we noted an issue surrounding segregation of duties. It was noted that the Arena Manager has the ability to post and approve journal entries in Sage and is also part of the business processes.

Management has mitigating controls in place whereby the external bookkeeper reviews the financial package monthly and members of the Committee of Management perform a quarterly review of the financial package.

Management comments

Annual external audit, ongoing review of Arena financial records by external bookkeeper, Board of Director quarterly reporting and oversight and requirement to submit reports to third-party organizations (City of Toronto, Canada Revenue Agency, OMERS pension etc.) are considered adequate practices to minimize the risks associated with a small organization where segregation of duties is limited by size and resources.

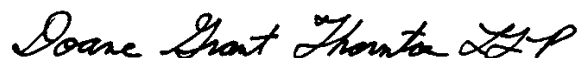
Conclusion

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 June 10, 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 script is cursive and elegant, with the letters "D", "G", and "T" being particularly prominent.

Melanie Dugard, CPA, CA

Principal