

**NEWFOUNDLAND AND LABRADOR
SPORTS CENTRE INC.**

FINANCIAL STATEMENTS

MARCH 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Newfoundland and Labrador Sports Centre Inc.

We have audited the accompanying financial statements of Newfoundland and Labrador Sports Centre Inc., which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Newfoundland and Labrador Sports Centre Inc. derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Newfoundland and Labrador Sports Centre Inc. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenditures, and cash flows from operations for the year ended March 31, 2016, current assets and net assets as at March 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Newfoundland and Labrador Sports Centre Inc. as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.


Chartered Professional Accountants
St. John's, NL
September 26, 2016

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Statement of Financial Position Year Ended March 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 233,668	\$ 327,373
Temporary investments	572,933	316,586
HST receivable	10,484	-
Accounts receivable	226,489	20,923
	1,043,574	664,882
LIABILITIES		
Payables and accruals (Note 4)	441,653	33,388
Government remittances payable	-	388
Deferred contributions (Note 5)	619,501	362,263
	1,061,154	396,039
Net financial assets (liabilities)	(17,580)	268,843
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	\$ 6,699,197	\$ 6,492,026
Prepaid expenses	5,560	3,848
	6,704,757	6,495,874
ACCUMULATED SURPLUS	\$ 6,687,177	\$ 6,764,717
Accumulated surplus comprised of:		
Unrestricted net assets	\$ 6,687,177	\$ 6,764,717

On Behalf of the Board:





Chairperson

Director

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Statement of Operations and Accumulated Surplus Year Ended March 31, 2016

	Budget 2016 (Unaudited)	2016	2015
REVENUES			
Government grants	\$ 424,000	\$ 431,600	\$ 532,000
Rental	170,000	200,807	173,708
Miscellaneous	2,600	1,783	2,659
Donation	-	17,800	21,265
Interest	4,500	6,347	4,699
	601,100	658,337	734,331
EXPENDITURES			
Advertising and promotion	\$ 1,250	\$ 504	\$ 934
Amortization	192,334	194,865	192,334
Insurance	5,500	5,542	5,336
Interest and bank charges	200	150	172
Memberships	200	194	188
Miscellaneous	4,000	2,862	2,758
Office	8,000	3,139	3,490
Online booking maintenance	1,900	2,162	1,544
Professional fees	5,600	4,809	6,194
Property taxes	2,400	2,303	2,235
Rental	1,000	-	852
Repairs and maintenance	58,550	50,659	56,152
Salaries and wages	324,000	335,361	309,598
Security	1,500	737	1,158
Supplies	33,300	19,619	23,046
Telephone	1,300	1,609	860
Training	1,000	1,090	1,152
Utilities	126,650	109,695	121,171
Vehicles	2,000	577	1,931
	770,684	735,877	731,105
ANNUAL SURPLUS (DEFICIT)	\$ (169,584)	\$ (77,540)	\$ 3,226
Accumulated surplus, beginning of year		6,764,717	6,761,491
Accumulated surplus, end of year		\$ 6,687,177	\$ 6,764,717

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Statement of Changes in Net Financial Assets
Year Ended March 31, 2016**

	Budget 2015 (Unaudited)	2016	2015
Annual surplus (deficit)	\$ (169,584)	\$ (77,540)	\$ 3,226
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(402,036)	(152,087)
Amortization of tangible capital assets	-	194,865	192,334
	-	207,171)	40,247
Change in other non-financial assets			
Net acquisition of prepaid expenses	-	(1,712)	2,326
	-	(1,712)	2,326
Increase (decrease) in net financial assets	(169,584)	(286,423)	45,799
Net financial assets, beginning of year	268,843	268,843	223,044
Net financial assets, end of year	\$ 99,259	\$ (17,580)	\$ 268,843

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Statement of Cash Flows Year Ended March 31, 2016

	2016	2015
Operating transactions		
Cash receipts from government and customers	\$ 687,490	\$ 777,837
Cash paid to suppliers and employees	(145,182)	(566,817)
Donations received	17,800	21,265
Interest received	4,720	4,269
Interest and bank charges paid	(150)	(172)
Cash provided by operating transactions	564,678	236,382
Capital transactions		
Purchase of capital assets	(402,036)	(152,087)
Cash used in capital transactions	(402,036)	(152,087)
Increase in cash during year	162,642	84,295
Cash position, beginning of year	643,959	559,664
Cash position, end of year	\$ 806,601	\$ 643,959
Cash consists of:		
Cash	\$ 233,668	\$ 327,373
Temporary investments	572,933	316,586
	\$ 806,601	\$ 643,959

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to the Financial Statements Year Ended March 31, 2016

1. NATURE OF OPERATIONS

Newfoundland and Labrador Sports Centre Inc. (the "organization") was incorporated under the Corporations Act of Newfoundland and Labrador on April 3, 2008. The organization is a Provincial Crown Corporation that provides a training centre for all sports available to the youth of the Province of Newfoundland and Labrador.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The organization is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with generally accepted accounting principles for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The organization does not prepare a statement of re-measurement gains and losses as the organization does not enter into relevant transactions or circumstances that are addressed by that statement.

Financial instruments

The organization's financial instruments recognized in the statement of financial position consist of cash, receivables, temporary investments, payables and accruals, and government remittance payable. The organization generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Transaction costs and any gains or losses arising from changes in fair value are recognized immediately in the statement of revenues and expenditures. Receivables are classified as loans and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

The organization's carrying value of cash, receivables, temporary investments, payables and accruals, and government remittance payable approximates its fair value due to the immediate or short term maturity of these instruments

Temporary investments

Temporary investments consist of guaranteed investment certificates with maturities of less than a year.

Capital assets

Capital assets are recorded on the Statement of Financial Position at cost and are amortized as follows:

Building	40 years	straight-line method
Equipment	5 years	straight-line method

Capital assets are written down when conditions indicate that they no longer contribute to the organization's ability to provide goods and services, or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Assets under construction are not amortized until the asset is available for productive use.

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to the Financial Statements**March 31, 2016****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Prepaid expenses

Prepaid expenses include amounts paid in advance for services, insurance, and workers compensation and are charged to expense over the periods expected to benefit from it.

Revenues

Government transfers with stipulations restricting their use are recognized as revenue when the transfer is authorized and the eligibility criteria are met by the organization, except when and to the extent the transfer gives rise to an obligation that constitutes a liability. When the transfer gives rise to an obligation that constitutes a liability, the transfer is recognized in revenue when the liability is settled.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized on the accrual basis in accordance with the terms of the corresponding lease agreements.

Interest revenue is recognized on the accrual basis as earned.

Donation revenue is recognized when received.

Expenditures

Expenditures are reported on an accrual basis. The costs of all goods consumed and services received during the year are expensed.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to the Financial Statements

March 31, 2016

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2016.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

4. PAYABLES AND ACCRUALS

	2016	2015
Accounts payable	\$ 436,903	\$ 19,762
Accrued liabilities	4,750	5,293
Accrued salary and benefits	-	8,333
	\$ 441,653	\$ 33,388

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent government transfers received with associated stipulations relating to specific projects or programs, resulting in a liability. These transfers will be recognized as revenue in the period in which the resources are used for the purpose specified.

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to the Financial Statements March 31, 2016

6. CAPITAL ASSETS

					2016
	Land	Building under construction	Building	Equipment	Total
Cost					
Opening balance	\$ 280,000	\$ -	\$ 7,620,407	\$ 548,610	\$ 8,449,017
Additions	-	402,036	-	-	402,036
Closing balance	280,000	402,036	7,620,407	548,610	8,851,053
Accumulated amortization					
Opening balance	-	-	1,417,092	539,899	1,956,991
Amortization	-	-	190,510	4,355	194,865
Closing balance	-	-	1,607,602	544,254	2,151,856
Net book value	\$ 280,000	\$ 402,036	\$ 6,012,805	\$ 4,356	\$ 6,699,197
2015					
	Land	Building under construction	Building	Equipment	Total
Cost					
Opening balance	\$ 280,000		\$ 7,468,320	\$ 548,610	\$ 8,296,930
Additions	-		152,087	-	152,087
Closing balance	280,000		7,620,407	548,610	8,449,017
Accumulated amortization					
Opening balance	-		1,229,113	535,544	1,764,657
Amortization	-		187,979	4,355	192,334
Closing balance	-		1,417,092	539,899	1,956,991
Net book value	\$ 280,000		\$ 6,203,315	\$ 8,711	\$ 6,492,026

7. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors.