

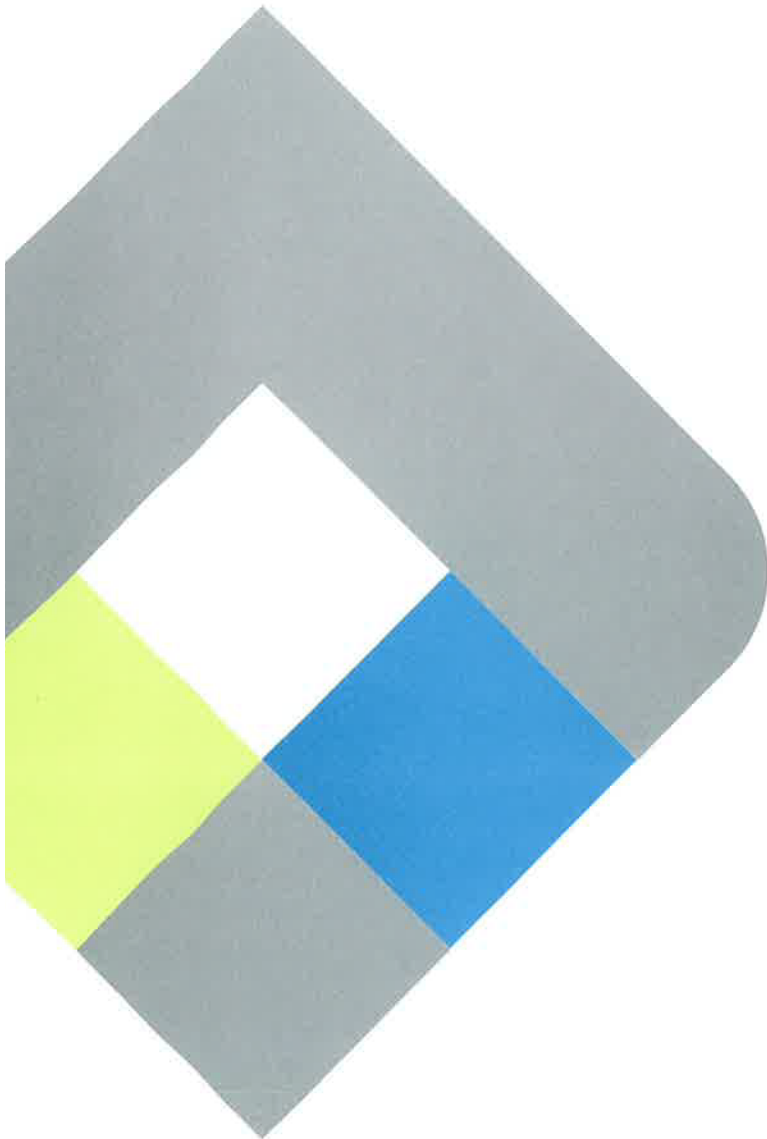
# NOSEWORTHY CHAPMAN

chartered professional accountants

**NEWFOUNDLAND AND LABRADOR  
SPORTS CENTRE INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**





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## INDEPENDENT AUDITOR'S REPORT

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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, 2017 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year 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 accounting standards for not-for-profit organizations, 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 qualified 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, 2017, current assets and net assets as at March 31, 2017.

### **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, 2017 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  
July 13, 2017

**NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.****Statement of Financial Position  
Year Ended March 31, 2017**

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash	\$ 158,606	\$ 233,668
Temporary investments	100,348	572,933
HST receivable	100,839	10,484
Accounts receivable	144,125	226,489
	<b>503,918</b>	1,043,574
<b>LIABILITIES</b>		
Payables and accruals (Note 4)	42,928	441,653
Deferred contributions (Note 5)	385,078	619,501
Promissory notes payable (Note 6)	536,000	-
	<b>964,006</b>	1,061,154
<b>Net financial assets (liabilities)</b>	<b>\$ (460,088)</b>	<b>\$ (17,580)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	\$ 8,250,520	\$ 6,699,197
Prepaid expenses	3,875	5,560
	<b>8,254,395</b>	6,704,757
<b>ACCUMULATED SURPLUS</b>	<b>\$ 7,794,307</b>	<b>\$ 6,687,177</b>
<b>Accumulated surplus comprised of:</b>		
<b>Unrestricted net assets</b>	<b>\$ 7,794,307</b>	<b>\$ 6,687,177</b>

On Behalf of the Board:



Chairperson

Director

## NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

### Statement of Operations and Accumulated Surplus Year Ended March 31, 2017

	Budget 2017 (Unaudited)	2017	2016
<b>REVENUES</b>			
Government grants	\$ 431,600	\$ 1,233,830	\$ 431,600
Donation	-	467,823	17,800
Rental	180,000	221,514	200,807
Interest	1,500	2,787	6,347
Miscellaneous	1,600	2,133	1,783
	614,700	1,928,087	658,337
<b>EXPENDITURES</b>			
Advertising and promotion	\$ 950	\$ -	\$ 504
Amortization	192,334	250,392	194,865
Insurance	6,000	5,581	5,542
Interest and bank charges	200	798	150
Memberships	200	202	194
Miscellaneous	3,000	2,471	2,862
Office	5,800	2,931	3,139
Online booking maintenance	2,300	1,978	2,162
Professional fees	6,300	5,474	4,809
Property taxes	2,400	2,420	2,303
Repairs and maintenance	100,050	80,988	50,659
Salaries and wages	349,000	342,064	335,361
Security	1,500	759	737
Supplies	119,800	24,527	19,619
Telephone	1,700	1,329	1,609
Training	1,500	349	1,090
Utilities	115,000	96,552	109,695
Vehicles	1,000	2,142	577
	909,034	820,957	735,877
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (294,334)	\$ 1,107,130	\$ (77,540)
Accumulated surplus, beginning of year		6,687,177	6,764,717
<b>Accumulated surplus, end of year</b>		\$ 7,794,307	\$ 6,687,177

**NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.****Statement of Changes in Net Financial Assets  
Year Ended March 31, 2017**

	Budget 2017 (Unaudited)	2017	2016
Annual surplus (deficit)	\$ (294,334)	\$ 1,107,130	\$ (77,540)
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	-	(1,801,715)	(402,036)
Amortization of tangible capital assets	-	250,392	194,865
	-	(1,551,323)	(207,171)
<b>Change in other non-financial assets</b>			
Net acquisition of prepaid expenses	-	1,685	(1,712)
	-	1,685	(1,712)
<b>Decrease in net financial assets</b>	(294,334)	(442,508)	(286,423)
<b>Net financial assets (liabilities), beginning of year</b>	268,843	(17,580)	268,843
<b>Net financial assets (liabilities), end of year</b>	\$ 25,491	\$ (460,088)	\$ (17,580)

## NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

### Statement of Cash Flows Year Ended March 31, 2017

	2017	2016
<b>Operating transactions</b>		
Cash receipts from government and customers	\$ 1,301,736	\$ 687,490
Cash paid to suppliers and employees	(1,057,160)	(145,182)
Donations received	467,823	17,800
Interest received	6,467	4,720
Interest and bank charges paid	(798)	(150)
<b>Cash provided by operating transactions</b>	<b>718,068</b>	<b>564,678</b>
<b>Capital transactions</b>		
Purchase of capital assets	(1,801,715)	(402,036)
<b>Cash used in capital transactions</b>	<b>(1,801,715)</b>	<b>(402,036)</b>
<b>Financing transactions</b>		
Proceeds from promissory note	536,000	-
<b>Cash provided by financing transactions</b>	<b>536,000</b>	<b>-</b>
<b>Increase (decrease) in cash during year</b>	<b>(547,647)</b>	<b>162,642</b>
<b>Cash position, beginning of year</b>	<b>806,601</b>	<b>643,959</b>
<b>Cash position, end of year</b>	<b>\$ 258,954</b>	<b>\$ 806,601</b>
<b>Cash consists of:</b>		
Cash	\$ 158,606	\$ 233,668
Temporary investments	100,348	572,933
	<b>\$ 258,954</b>	<b>\$ 806,601</b>

# NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

## Notes to the Financial Statements Year Ended March 31, 2017

### 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, temporary investments, HST receivable, accounts receivable, payables and accruals and promissory notes 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, temporary investments, HST receivable, accounts receivable, payables and accruals and promissory notes 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.

# NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

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## Notes to the Financial Statements

March 31, 2017

### 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, 2017

#### 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, 2017.

##### 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

	2017	2016
Accounts payable	\$ 27,668	\$ 436,903
Accrued liabilities	15,260	4,750
	<b>\$ 42,928</b>	<b>\$ 441,653</b>

#### 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.**

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**Notes to the Financial Statements****March 31, 2017**

## 6. PROMISSORY NOTES PAYABLE

- I. Promissory note payable to a private individual in the amount of \$300,000, bearing interest at 3.2% annually with monthly interest payments.
- II. Non-interest bearing promissory note payable to a private individual in the amount of \$236,000.

Payments will be applied first to the non-interest bearing promissory note and then to the interest bearing promissory note.

Principal repayment terms in respect of the promissory notes to a private individual are as noted below:

- Payment of the amount of funding received from the Government of Newfoundland and Labrador allocated solely for the extension to the Centre and the Benvon's Room.
- Payment of the HST rebate received on the extension to the Centre and the Benvon's Room.
- Annual payment of the income received from the rental of the Benvon's Room to a maximum of the Centre's Adjusted Annual Surplus (calculated as the annual surplus per the Statement of Operations and Accumulated Surpluses plus annual amortization expense)
- Additional principal payments at the discretion of the Board.

## NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

### Notes to the Financial Statements March 31, 2017

#### 7. TANGIBLE CAPITAL ASSETS

					2017
	Land	Building under construction	Building	Equipment	Total
<b>Cost</b>					
Opening balance	\$ 280,000	\$ 402,036	\$ 7,620,407	\$ 548,610	\$ 8,851,053
Additions	-	-	1,801,715	-	1,801,715
Transfer	-	(402,036)	402,036	-	-
Closing balance	280,000	-	9,824,158	548,610	10,652,768
<b>Accumulated amortization</b>					
Opening balance	-	-	1,607,602	544,254	2,151,856
Amortization	-	-	246,036	4,356	250,392
Closing balance	-	-	1,853,638	548,610	2,402,248
Net book value	\$ 280,000	\$ -	\$ 7,970,520	\$ -	\$ 8,250,520
<b>2016</b>					
	Land	Building under construction	Building	Equipment	Total
<b>Cost</b>					
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
<b>Accumulated amortization</b>					
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

#### 8. BUDGET FIGURES

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