

Saint John Aquatic Centre Commission

Financial Statements

Year Ended December 31, 2017



Saint John Aquatic Centre Commission

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INDEPENDENT AUDITORS' REPORT

**To the Directors of
Saint John Aquatic Centre Commission**

We have audited the accompanying financial statements of the **Saint John Aquatic Centre Commission**, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and annual surplus, changes in net debt 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 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.

Auditors' 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Saint John Aquatic Centre Commission** as at December 31, 2017, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

May 31 , 2018

Cumming & Associates

Saint John, NB

Chartered Professional Accountant

CA

Saint John Aquatic Centre Commission

Statement of Financial Position

As at December 31, 2017

	2017	2016
Financial assets		
Current		
Cash and cash equivalents	\$ 17,985	\$ 23,597
Accounts receivable	103,992	95,950
Due from the City of Saint John (Note 6)	2,724	22,094
Due from the Greater Saint John Regional Facilities Commission (Note 5)	14,541	101,464
	<u>139,242</u>	243,105
Long term		
Due from the Greater Saint John Regional Facilities Commission (Note 5)	169,235	14,541
Capital assets (Note 8)	<u>152,324</u>	-
	<u>460,801</u>	257,646
Financial liabilities		
Current		
Accounts payable (Note 4)	185,086	188,633
Deferred revenue	145,763	110,620
Current portion of obligations under capital lease (Note 9)	46,513	-
	<u>377,362</u>	299,253
Obligations under capital lease (Note 9)	<u>117,491</u>	-
Net debt	<u>(34,052)</u>	(41,607)
Non-financial assets		
Inventory (Note 3)	17,876	31,399
Prepaid expenses	16,176	10,208
	<u>34,052</u>	41,607
Accumulated surplus	<u>\$ -</u>	<u>\$ -</u>

On behalf of the Board

Director

Director

(See Accompanying Notes)

Saint John Aquatic Centre Commission
Statement of Operations and Annual Deficit
Year Ended December 31, 2017

	2017	2016
Revenue		
Program activities	<u>\$ 1,654,278</u>	<u>\$ 1,745,296</u>
Expenses		
Programs	1,259,297	1,213,148
Maintenance	908,656	981,592
Administration	<u>405,579</u>	<u>345,955</u>
	<u>2,573,532</u>	<u>2,540,695</u>
Operating deficit	(919,254)	(795,399)
The Greater Saint John Regional Facilities Commission subsidy	<u>750,019</u>	<u>780,858</u>
Subsidy deficit due from The Greater Saint John Regional Facilities Commission	(169,235)	(14,541)
Annual surplus	<u>\$ -</u>	<u>\$ -</u>

(See Accompanying Notes)



Saint John Aquatic Centre Commission
Statement of Changes in Net Debt
Year Ended December 31, 2017

	2017	2016
Annual surplus	<u>\$ -</u>	<u>\$ -</u>
(Increase) decrease in inventory	13,523	(5,654)
(Increase) decrease in prepaid expenses	<u>(5,968)</u>	4,661
(Increase) decrease in net debt	7,555	(993)
Net debt - beginning of year	<u>(41,607)</u>	<u>(40,614)</u>
Net debt - end of year	<u>\$ (34,052)</u>	<u>\$ (41,607)</u>

(See Accompanying Notes)



Saint John Aquatic Centre Commission
Statement of Cash Flows
Year Ended December 31, 2017

	2017	2016
Operating transactions		
Annual surplus	\$ -	\$ -
Items not effecting cash:		
Amortization	23,432	-
	<u>23,432</u>	-
Change in non-cash assets and liabilities		
Accounts receivable	(8,042)	(21,690)
Due from the City of Saint John	19,370	9,553
Due to the Greater Saint John Regional Facilities Commission	(67,771)	13,590
Inventory	13,523	(5,654)
Prepaid expenses	(5,968)	4,661
Accounts payable	(3,547)	(66,657)
Deferred revenue	35,143	(22,946)
	<u>6,140</u>	<u>(89,143)</u>
Investing		
Purchase of capital assets	<u>(175,756)</u>	-
Financing		
Advances from obligations under a capital lease	193,813	-
Capital lease payments	<u>(29,809)</u>	-
	<u>164,004</u>	-
Decrease in cash	(5,612)	(89,143)
Cash - beginning of year	<u>23,597</u>	<u>112,740</u>
Cash - end of year	<u>\$ 17,985</u>	<u>\$ 23,597</u>

(See Accompanying Notes)



1. NATURE OF OPERATIONS

The Commission is a not-for-profit organization incorporated in the jurisdiction of the Province of New Brunswick to promote physical fitness for the residents of Saint John and the adjacent communities of Grand Bay - Westfield, Quispamsis and Rothesay. The Commission qualifies as a Municipal Commission and therefore is exempt from income taxes under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared by management in accordance with the Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada.

Revenue recognition

Revenue is recognized when services have been provided and ultimately collection is reasonably assured at the time of performance. Membership and program revenues are recognized in the period to which the membership and programs apply.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount 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. Actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents are recorded at cost, which approximates their market value and are maintained within a financial institution.

Inventory

Inventory for resale is valued at the lower of cost and net replacement cost with cost being determined on the first in, first out basis. Chemicals and cleaning supplies are recorded at cost.

Capital assets

Capital assets are recorded at cost. Amortization is provided annually over a five year period using the straight-line method to write-off the assets over their estimated useful life.

Saint John Aquatic Centre Commission
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

3. INVENTORY

	2017		2016
Chemicals and cleaning supplies	\$ 10,012	\$	18,598
Resale	4,664		9,201
Other	3,200		3,600
	<u>\$ 17,876</u>	\$	<u>31,399</u>

4. ACCOUNTS PAYABLE

	2017		2016
Accounts payable - trade	\$ 93,144	\$	72,664
Severance payable	-		40,170
Wages payable	45,130		28,950
Accrued sick leave	28,359		23,236
Payroll remittances payable	13,311		15,092
Vacation payable	5,142		8,521
	<u>\$ 185,086</u>	\$	<u>188,633</u>

5. GREATER SAINT JOHN REGIONAL FACILITIES COMMISSION

The Greater Saint John Regional Facilities Commission (GSJRFC) was formed in 1998 by provincial legislation and consists of representatives from the City of Saint John and the towns of Rothesay, Quispamsis and Grand Bay-Westfield. The GSJRFC has the obligation to finance all the net operating expenditures of the Saint John Aquatic Centre Commission. Net operating deficits or surplus are recorded as due from or to the GSJRFC, to be received or paid within the second year after the deficit or surplus was incurred.

Accrued annual operating surplus or deficits consist of:

	2017		2016
Balance - beginning of year	\$ (116,005)	\$	(129,595)
Repayment during the year	<u>(101,464)</u>		<u>(28,131)</u>
Current year's (receivable) refundable subsidy	(14,541)		(101,464)
Long term payable (receivable)	<u>(169,235)</u>		<u>(14,541)</u>
Balance - end of year	<u>\$ (183,776)</u>	\$	<u>(116,005)</u>

6. RELATED PARTY TRANSACTIONS

The Commission enters into transactions with the City of Saint John and adjacent communities during the year. All transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the following amounts were received from or paid to the City of Saint John:

Included in revenue:	2017	2016
Beach grant	\$ 163,504	\$ 169,003
Parking revenue	17,875	27,925
Contract revenue - pedway maintenance	<u>12,000</u>	<u>12,000</u>

Included in expenses:

Water & sewer	\$ 45,244	\$ 48,161
Insurance	25,794	25,593
Computer lease and maintenance agreement	<u>12,184</u>	<u>10,470</u>

During the year, the following amounts were received from the Town of Quispamsis:

Beach grant	<u>\$ 55,262</u>	<u>\$ 53,704</u>
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The balance accrued at year end relates to revenues and the purchase and reimbursement of capital items, is non-interest bearing and is anticipated to be received in the current period.

	2017	2016
Due from the City of Saint John	<u>\$ 2,724</u>	<u>\$ 22,094</u>

7. PHYSICAL PREMISES

The facility in which the Commission operates is owned by the City of Saint John. The Commission does not pay rent, however, it is responsible for the operating costs of the facility.



Saint John Aquatic Centre Commission
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

8. CAPITAL ASSETS

	Cost	Accumulated Amortization	NBV 2017	NBV 2016
Equipment	\$ 175,756	23,432	\$ 152,324	\$ -

9. OBLIGATIONS UNDER CAPITAL LEASE

	2017	2016
2018	\$ 53,280	\$ -
2019	53,280	-
2020	53,280	-
2021	17,760	-
	177,600	-
Less amounts representing interest at 4.74%	13,596	-
	164,004	-
Current portion of obligations under capital lease	46,513	-
	\$ 117,491	\$ -

The lease obligation is secured by equipment and assignment of insurance coverage under a capital lease with a carrying value of \$175,756. Interest expense for long-term debt of \$6,341 is related to the capital lease obligation.

Saint John Aquatic Centre Commission
Schedule of Operating Revenue and Expenses
Year Ended December 31, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Revenue			
Facility rental	\$ 491,700	\$ 404,593	\$ 332,838
Instructional programs	555,000	379,089	450,666
Membership	538,500	367,815	447,645
Beach grants	229,030	218,766	222,708
Massage therapy	100,000	120,423	97,865
Service rentals	127,708	96,256	114,932
Aquatic camps	9,000	46,605	45,220
Product sales	45,000	20,731	33,422
	2,095,938	1,654,278	1,745,296
Programs			
Wages	1,113,000	1,065,343	1,043,113
Marketing	161,500	104,997	81,779
Supplies	79,350	65,525	88,256
Amortization	-	23,432	-
Equipment lease	48,000	-	-
	1,401,850	1,259,297	1,213,148
Maintenance			
Utilities	407,000	352,166	356,348
Wages	371,355	343,015	351,029
Maintenance	156,000	120,476	154,413
Supplies	70,700	60,762	64,574
Sub-contract	25,000	32,237	31,228
Project manager	-	-	24,000
	1,030,055	908,656	981,592
Administration			
Wages	267,552	251,847	191,582
Office	24,000	25,177	49,106
Insurance	36,000	25,794	25,593
Credit card and processing charges	25,000	22,889	25,584
Professional fees	10,000	19,944	15,660
Telephone	15,000	14,693	14,518
Property taxes	24,000	12,184	9,965
Board governance	-	10,400	-
Equipment rent	10,000	8,958	8,947
Bad debts	2,500	7,352	5,000
Interest on long-term debt	-	6,341	-
	\$ 414,052	\$ 405,579	\$ 345,900