
Financial statements of
Saint John Aquatic Centre
Commission

December 31, 2021

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Independent Auditor's Report

To the Commissioners of
Saint John Aquatic Centre Commission

Qualified Opinion

We have audited the financial statements of the Saint John Aquatic Centre Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and annual deficit, 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 (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2021, and the results of its operations and annual deficit, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

In September, the Commission lost access to Max Galaxy, their software platform for managing revenue via registrations and memberships, and, as a result Membership, Facility Rental, and Instructional Programs were not susceptible to satisfactory audit verification prior to September. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Commission.

Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021, current assets as at December 31, 2021, and net assets as at December 31 for the 2021 year. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 qualified 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 PSAS, 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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 GAAS 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 GAAS, 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 Commission'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 Commission'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 Commission 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.

Deloitte LLP

Chartered Professional Accountants
May 24, 2022
Saint John, New Brunswick

Saint John Aquatic Centre Commission


Statement of financial position


As at December 31, 2021

	Notes	2021 \$	2020 \$
Financial assets			
Cash		1,955	16,571
Accounts receivable		95,384	106,821
Due from the Greater Saint John Regional Facilities Commission	5	613,008	565,401
		710,347	688,793
Liabilities			
Due to the City of Saint John		49,537	4,932
Accounts payable	4	225,767	291,786
Canada emergency wage subsidy payable	11	324,519	324,519
Deferred revenue		164,960	103,673
City of Saint John - interim financing	6	—	37,500
Obligation under capital lease	10	—	17,595
		764,783	780,005
Net debt		(54,435)	(91,212)
Non-financial assets			
Inventories	3	13,141	13,521
Prepaid expenses		18,918	18,742
Capital assets	9	22,376	58,949
		54,435	91,212
Accumulated deficit		—	—

The accompanying notes are an integral part of the financial statements.

On behalf of the Board


_____, Commissioner


_____, Commissioner

Saint John Aquatic Centre Commission
Statement of operations and annual deficit
Year ended December 31, 2021

	Notes	2021	2020
		\$	\$
Revenue			
Program activities	7, Schedule 1	1,545,511	1,196,040
Expenses			
Programs	7, Schedule 1	1,253,669	1,207,948
Maintenance		749,805	752,165
Administration		355,185	370,157
Interest on interim financing	6	—	263
Net expenditures before undernoted items		(813,148)	(1,134,493)
Contributions from Greater Saint John Regional Facilities Commission			
Approved annual contribution		599,000	742,000
Operating deficit		(214,148)	(392,493)
Greater Saint John Regional Facilities Commission deficit funding	5	214,148	392,493
Annual deficit		—	—

The accompanying notes are an integral part of the financial statements.

Saint John Aquatic Centre Commission**Statement of changes in net debt**

Year ended December 31, 2021

	2021	2020
	\$	\$
Annual deficit	—	—
Decrease in inventories	380	4,583
Increase in prepaid expenses	(176)	(10,237)
Decrease (increase) in net debt	204	(5,654)
Increase in capital assets	36,573	36,572
Net debt, beginning of year	(91,212)	(122,130)
Net debt, end of year	(54,435)	(91,212)

The accompanying notes are an integral part of the financial statements.

Saint John Aquatic Centre Commission

Statement of cash flows

Year ended December 31, 2021

	2021	2020
	\$	\$
Operating transactions		
Annual deficit	—	—
Items not affecting cash		
Amortization	36,573	36,572
	36,573	36,572
Change in non-cash operating working capital		
Accounts receivable	11,437	6,139
Due from the Greater Saint John Regional Facilities Commission	(47,607)	
Due to the City of Saint John	44,605	(250,690)
Inventories	380	4,583
Prepaid expenses	(176)	(10,237)
Accounts payable	(66,019)	92,264
Canada emergency wage subsidy payable	—	324,519
Deferred revenue	61,287	(110,559)
	40,479	92,591
Financing transactions		
City of Saint John - interim financing repayment	(37,500)	(37,500)
Capital lease payments	(17,595)	(51,129)
	(55,095)	(88,629)
(Decrease) increase in cash	(14,616)	3,962
Cash, beginning of year	16,571	12,609
Cash, end of year	1,955	16,571

The accompanying notes are an integral part of the financial statements.

Saint John Aquatic Centre Commission

Notes to the financial statements

December 31, 2021

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 accountant 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 of Canada.

Cash

Cash is recorded at cost, which approximates its market value and is maintained within a financial institution.

Inventories

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.

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.

Approved contributions from the Greater Saint John Regional Facilities Commission ("GSJRFC") are recognized in the period to which they relate. Deficit funding from the GSJRFC is recognized in the period a deficit is incurred.

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. Deferred revenue represents funds received in the current period that are designated for a subsequent period. Key components of the financial statements requiring management to make estimates includes provision for doubtful accounts in respect of receivables, the cost and net realizable value of inventories, accrued liabilities and the useful life and impairment of capital asset. Actual results may differ from those estimates.

Saint John Aquatic Centre Commission
Notes to the financial statements
December 31, 2021

3. Inventories

	2021	2020
	\$	\$
Chemicals and cleaning supplies	9,929	8,466
Resale	2,654	4,180
Other	558	875
	13,141	13,521

4. Accounts payable

	2021	2020
	\$	\$
Accounts payable - trade	78,749	176,943
Wages payable	23,564	26,494
Accrued sick leave	49,479	41,575
Payroll remittances payable	6,019	22,858
Vacation payable	19,386	22,000
Accrued interest on interim financing	1,918	1,916
	179,115	291,786

5. Greater Saint John Regional Facilities Commission

The 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 surpluses are recorded as due from or to the GSJRFC, to be received or paid within the second year after the deficit or surpluses was incurred.

Amounts due from the GSJRFC to fund accrued annual operating surplus or deficits consist of:

	2021	2020
	\$	\$
2021 deficit	(214,148)	—
2020 deficit	(392,493)	(392,493)
2019 deficit	—	(172,908)
Due from GSJRFC, end of year	(606,641)	(565,401)

Saint John Aquatic Centre Commission

Notes to the financial statements

December 31, 2021

6. City of Saint John – Interim Financing

In August 2019, the City of Saint John provided the Commission with interim financing of \$75,000 bearing interest at the prime rate of a Canadian chartered bank less 1.75%, with no set repayment terms. In 2021, the remaining balance of this interim financing was repaid, with nil outstanding at year end (\$37,500 in 2020).

7. 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:

	2021	2020
	\$	\$
Included in revenue		
Beach grant	173,514	160,000
Parking revenue	22,372	17,331
Contract revenue - Pedway maintenance	12,000	12,000
Included in expenses		
Water & sewer	28,641	28,118
Insurance	35,969	33,230
Computer lease and maintenance agreement	—	15,695
During the year, the following amounts were received from the Town of Quispamsis		
Lifeguard & Swimming Instruction Services	132,000	—
Beach grant	61,575	30,184

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.

8. 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.

9. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Equipment	189,965	167,589	22,376	58,949

10. Obligations under capital lease

	2021	2020
	\$	\$
2021	—	17,760
	—	17,760
Less amounts representing interest at 4.74%	—	165
	—	17,595
Current portion of obligations under capital lease	—	17,595
	—	—

The lease obligation is secured by equipment and assignment of insurance coverage under a capital lease with a carrying value of \$22,376 (\$58,949 in 2020). Interest expense for long-term debt of \$174 (\$2,156 in 2020) is related to the capital lease obligation.

11. Canada Emergency Wage Subsidy payable

In 2020, the Commission received government assistance of \$324,519 pursuant to claims filed under the Federal Government's Canada Emergency Wage Subsidy ("CEWS") program on the basis that the Commission met the eligibility criteria because of its registered charity status. By notice of determination dated April 22, 2021 issued by the Canada Revenue Agency ("CRA"), the Commission was advised that these claims were denied as CRA had determined that the Commission was a public institution and, therefore, not eligible for the subsidy. As a result, the CEWS funding has been presented as a liability as at December 31, 2020 and December 31, 2021.

On March 3, 2022, the Commission received a Notice of (re)determination and Notice of (re)assessment from CRA for the amount of the denied CEWS claims. The reassessment totaled \$349,918, inclusive of interest charges. Subsequent to receipt of the Reassessment, the City of Saint John approved the payment of the reassessment total to avoid the accrual of additional interest charges.

At the same time, the Commission filed, with CRA, a request for waiver of interest. On May 12, 2022, the Commission was informed that the request for waiver of interest was approved. On May 16, 2022, the Commission received the interest charges refund of \$26,635 from CRA comprised of \$25,400 paid by the City of Saint John and \$1,235 paid by the Commission.

12. Covid-19 Pandemic

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in the implementation of a series of public health and emergency measures to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Commission in future periods.

Saint John Aquatic Centre Commission
Schedule of operating revenue and expenses
Year ended December 31, 2021

	2021	2020
	Actual	Actual
	\$	\$
Revenue		
Membership	367,425	302,671
Beach contracts	367,088	190,184
Facility rental	279,579	170,841
Instructional programs	224,213	233,262
Service rentals	115,564	110,688
Massage therapy	102,536	105,981
Government assistance	48,294	34,918
Aquatic camps	29,538	34,770
Product sales	11,216	12,667
Donations	58	58
	1,545,511	1,196,040
Programs		
Wages	1,108,821	1,001,839
Supplies	57,284	102,927
Marketing	50,991	66,609
Amortization	36,573	36,573
	1,253,669	1,207,948
Maintenance		
Wages	328,028	332,592
Utilities	308,138	279,463
Supplies	51,058	36,897
Sub-contract	33,079	23,324
Maintenance	29,502	79,889
	749,805	752,165
Administration		
Wages	227,722	213,669
Office	32,212	35,534
Insurance	29,894	26,280
Credit card and processing charges	18,592	14,654
Telephone	15,826	12,955
Property taxes	15,348	22,121
Bad debts	7,929	7,125
Professional fees	6,176	26,198
Interest on long-term debt	1,486	2,156
Equipment rent	—	9,465
	355,185	370,157
Interest on interim financing		
Interest on interim financing	—	263