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Financial statements of  
Saint John Aquatic Center  
Commission

December 31, 2020

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## Independent Auditor's Report

To the Commissioners of  
Saint John Aquatic Center Commission

### Opinion

We have audited the financial statements of the Saint John Aquatic Center Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2020, 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 Opinion

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 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  
September 15, 2021

**Saint John Aquatic Center Commission**

**Statement of financial position**

As at December 31, 2020

	Notes	2020 \$	2019 \$
<b>Financial assets</b>			
Cash		16,571	12,609
Accounts receivable		106,821	112,960
Due from the Greater Saint John Regional Facilities Commission	5	565,401	314,711
		<b>688,793</b>	440,280
<b>Liabilities</b>			
Due to the City of Saint John		4,932	4,932
Accounts payable	4	291,786	199,522
Canada emergency wage subsidy payable	11	324,519	—
Deferred revenue		103,673	214,232
City of Saint John - interim financing	6	37,500	75,000
Obligation under capital lease	10	17,595	68,724
		<b>780,005</b>	562,410
Net debt		<b>(91,212)</b>	(122,130)
<b>Non-financial assets</b>			
Inventories	3	13,521	18,104
Prepaid expenses		18,742	8,505
Capital assets	9	58,949	95,521
		<b>91,212</b>	122,130
<b>Accumulated surplus</b>		<b>—</b>	<b>—</b>

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

On behalf of the Board

\_\_\_\_\_, Commissioner

\_\_\_\_\_, Commissioner

**Saint John Aquatic Center Commission**  
**Statement of operations and annual deficit**  
Year ended December 31, 2020

	Notes	<b>2020</b>	2019
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Program activities	7, Sched 1	<b>1,196,040</b>	1,823,829
<b>Expenses</b>			
Programs	7, Sched 1	<b>1,207,948</b>	1,501,165
Maintenance		<b>752,165</b>	922,334
Administration		<b>370,157</b>	363,838
Interest on interim financing	6	<b>263</b>	1,655
		<b>2,330,533</b>	2,788,992
Net expenditures before undernoted items		<b>(1,134,493)</b>	(965,163)
Contributions from Greater Saint John Regional Facilities Commission:			
Approved annual contribution		<b>742,000</b>	790,600
		<b>742,000</b>	790,600
Operating deficit		<b>(392,493)</b>	(174,563)
<b>Greater Saint John Regional Facilities Commission deficit funding</b>	5	<b>392,493</b>	174,563
<b>Annual deficit</b>		<b>—</b>	<b>—</b>

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

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

Year ended December 31, 2020

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	<b>2020</b>	2019
	<b>\$</b>	\$
<b>Annual deficit</b>	<b>—</b>	<b>—</b>
Decrease (increase) in inventories	<b>4,583</b>	(3,611)
(Increase) decrease in prepaid expenses	<b>(10,237)</b>	4,867
(Increase) decrease in net debt	<b>(5,654)</b>	1,256
Decrease in capital assets	<b>36,572</b>	21,652
Net debt, beginning of year	<b>(122,130)</b>	(145,038)
<b>Net debt, end of year</b>	<b>(91,212)</b>	(122,130)

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

## Saint John Aquatic Center Commission

### Statement of cash flows

Year ended December 31, 2020

	2020	2019
	\$	\$
<b>Operating transactions</b>		
Annual deficit	—	—
Items not affecting cash:		
Amortization	<b>36,572</b>	35,861
	<b>36,572</b>	35,861
Change in non-cash operating working capital:		
Accounts receivable	<b>6,139</b>	(36,773)
Due from the City of Saint John	—	25,000
Due to the Greater Saint John Regional Facilities Commission	<b>(250,690)</b>	(3,673)
Inventories	<b>4,583</b>	(3,611)
Prepaid expenses	<b>(10,237)</b>	4,867
Accounts payable	<b>92,264</b>	50,548
Canada emergency wage subsidy payable	<b>324,519</b>	—
Deferred revenue	<b>(110,559)</b>	63,133
	<b>92,591</b>	135,352
<b>Capital transactions</b>		
Purchase of capital assets	—	(14,209)
<b>Financing transactions</b>		
City of Saint John - interim financing repayment	<b>(37,500)</b>	(150,000)
City of Saint John - interim financing received	—	75,000
Capital lease payments	<b>(51,129)</b>	(48,767)
	<b>(88,629)</b>	(123,767)
Increase (decrease) in cash	<b>3,962</b>	(2,624)
Cash, beginning of year	<b>12,609</b>	15,233
<b>Cash, end of year</b>	<b>16,571</b>	12,609

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

## **Saint John Aquatic Center Commission**

### **Notes to the financial statements**

December 31, 2020

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#### **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 recorded at cost, which approximates their market value and are 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 Center Commission

### Notes to the financial statements

December 31, 2020

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#### 3. Inventories

	2020	2019
	\$	\$
Chemicals and cleaning supplies	8,466	12,363
Resale	4,180	3,876
Other	875	1,865
	<b>13,521</b>	<b>18,104</b>

#### 4. Accounts payable

	2020	2019
	\$	\$
Accounts payable - trade	176,943	128,701
Wages payable	26,494	22,653
Accrued sick leave	41,575	29,322
Payroll remittances payable	22,858	10,354
Vacation payable	22,000	6,837
Accrued interest on interim financing	1,916	1,655
	<b>291,786</b>	<b>199,522</b>

#### 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 Center 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:

	2020	2019
	\$	\$
2020 deficit	(392,493)	—
2019 deficit	(172,908)	(172,908)
2018 deficit	—	(141,803)
Due from GSJRFC, end of year	<b>(565,401)</b>	<b>(314,711)</b>

## Saint John Aquatic Center Commission

### Notes to the financial statements

December 31, 2020

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#### 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 2020, \$37,500 of this interim financing was repaid, with \$37,500 outstanding at year end.

#### 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:

	2020 \$	2019 \$
Included in revenue		
Beach grant	160,000	166,776
Parking revenue	17,331	28,739
Contract revenue – Pedway maintenance	12,000	12,000
Included in expenses		
Water & sewer	28,118	57,087
Insurance	33,230	36,068
Computer lease and maintenance agreement	15,695	15,610
During the year, the following amounts were received from the Town of Quispamsis		
Beach grant	30,184	59,184

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 \$	2020 Net book value \$	2019 Net book value \$
Equipment	189,965	131,016	58,949	95,521

**10. Obligations under capital lease**

	<b>2020</b>	2019
	<b>\$</b>	\$
2020	—	53,280
2021	<b>17,760</b>	17,760
	<b>17,760</b>	71,040
Less amounts representing interest at 4.74%	<b>165</b>	2,316
	<b>17,595</b>	68,724
Current portion of obligations under capital lease	<b>17,595</b>	51,129
	<b>—</b>	17,595

The lease obligation is secured by equipment and assignment of insurance coverage under a capital lease with a carrying value of \$58,949 (\$82,022 in 2019). Interest expense for long-term debt of \$2,156 (\$4,519 in 2019) is related to the capital lease obligation.

**11. Canada Emergency Wage Subsidy payable**

During the year, 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.

**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 Center Commission**  
**Schedule of operating revenue and expenses**  
Year ended December 31, 2020

	<b>2020</b>	2019
	<b>Actual</b>	Actual
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Membership	<b>302,671</b>	418,739
Facility rental	<b>170,841</b>	395,992
Instructional programs	<b>233,262</b>	329,639
Beach contracts	<b>190,184</b>	225,960
Service rentals	<b>110,688</b>	155,761
Massage therapy	<b>105,981</b>	153,970
Government assistance	<b>34,918</b>	62,704
Aquatic camps	<b>34,770</b>	61,028
Product sales	<b>12,667</b>	19,978
Donations	<b>58</b>	58
	<b>1,196,040</b>	<b>1,823,829</b>
<b>Programs</b>		
Wages	<b>1,001,839</b>	1,275,411
Supplies	<b>102,928</b>	84,898
Marketing	<b>66,609</b>	104,995
Equipment Lease	—	—
Amortization	<b>36,572</b>	35,861
	<b>1,207,948</b>	<b>1,501,165</b>
<b>Maintenance</b>		
Utilities	<b>279,463</b>	398,331
Wages	<b>332,592</b>	363,251
Maintenance	<b>79,889</b>	80,277
Supplies	<b>36,897</b>	52,839
Sub-contract	<b>23,324</b>	27,636
	<b>752,165</b>	<b>922,334</b>
<b>Administration</b>		
Wages	<b>213,669</b>	184,206
Insurance	<b>26,280</b>	32,695
Office	<b>35,534</b>	29,919
Professional fees	<b>26,198</b>	28,262
Credit card and processing charges	<b>14,654</b>	27,865
Property taxes	<b>22,121</b>	15,363
Telephone	<b>12,955</b>	13,299
Bad debts	<b>7,125</b>	11,741
Equipment rent	<b>9,465</b>	9,398
Interest on long-term debt	<b>2,156</b>	9,435
	<b>370,157</b>	<b>363,838</b>
<b>Interest on interim financing</b>		
Interest on interim financing	<b>263</b>	1,655
	<b>263</b>	<b>1,655</b>