
Financial statements of
**Saint John Aquatic Center
Commission**

December 31, 2019

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations and annual deficit	4
Statement of changes in net debt	5
Statement of cash flows	6
Notes to the financial statements	7-10
Schedule of operating revenue and expenses	11

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, 2019, 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, 2019, 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
May 27, 2020

Saint John Aquatic Center Commission
Statement of financial position

As at December 31, 2019

	Notes	2019 \$	2018 \$
Financial assets			
Cash		12,609	15,233
Accounts receivable		112,960	76,187
Due from the City of Saint John		—	20,068
Due from the Greater Saint John Regional Facilities Commission	5	314,711	311,038
		440,280	422,526
Financial liabilities			
Due to the City of Saint John		4,932	—
Accounts payable	4	199,522	148,974
Deferred revenue		214,232	151,099
City of Saint John - interim financing Obligation under capital lease	6 10	75,000 68,724	150,000 117,491
		562,410	567,564
Net debt		(122,130)	(145,038)
Non-financial assets			
Inventory	3	18,104	14,493
Prepaid expenses		8,505	13,372
Capital assets	9	95,521	117,173
		122,130	145,038
Accumulated surplus		—	—

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, 2019

	Notes	2019 \$	2018 \$
Revenue			
Program activities		1,823,829	1,703,251
Expenses			
Programs		1,501,165	1,425,157
Maintenance		922,334	1,053,992
Administration		362,183	381,105
Interest on interim financing	6	1,655	2,000
		2,787,337	2,862,254
Net expenditures before undernoted items		(963,508)	(1,159,003)
Contributions from Greater Saint John Regional Facilities Commission:			
Approved annual contribution	5	790,600	692,200
Supplemental approved contribution	5	—	325,000
		790,600	1,017,200
Operating deficit		(172,908)	(141,803)
Greater Saint John Regional Facilities Commission deficit funding	5	172,908	141,803
Annual deficit		—	—

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, 2019

	2019	2018
	\$	\$
Annual surplus	—	—
(Increase) decrease in inventory	(3,611)	3,383
Decrease in prepaid expenses	4,867	2,804
Decrease in net debt	1,256	6,187
Decrease in capital assets	21,652	35,151
Net debt, beginning of year	(145,038)	(186,376)
Change in net debt, end of year	(122,130)	(145,038)

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

Saint John Aquatic Center Commission

Statement of cash flows

Year ended December 31, 2019

	2019	2018
	\$	\$
Operating transactions		
Annual deficit	—	—
Items not affecting cash		
Amortization	35,861	35,151
	35,861	35,151
Change in non-cash assets and liabilities		
Accounts receivable	(36,773)	27,805
Due from the City of Saint John	25,000	(17,344)
Due to the Greater Saint John Regional Facilities Commission	(3,673)	(127,262)
Inventory	(3,611)	3,383
Prepaid expenses	4,867	2,804
Accounts payable	50,548	(36,112)
Deferred revenue	63,133	5,336
	135,352	(106,239)
Capital transactions		
Purchase of capital assets	(14,209)	—
Financing transactions		
City of Saint John - interim financing repayment	(150,000)	150,000
City of Saint John - interim financing received	75,000	—
Capital lease payments	(48,767)	(46,513)
	(123,767)	103,487
Decrease in cash	(2,624)	(2,752)
Cash, beginning of year	15,233	17,985
Cash, end of year	12,609	15,233

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

Saint John Aquatic Center Commission

Notes to the financial statements

December 31, 2019

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.

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.

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. 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.

Saint John Aquatic Center Commission
Notes to the financial statements
December 31, 2019

3. Inventory

	2019	2018
	\$	\$
Chemicals and cleaning supplies	12,363	4,748
Resale	3,876	4,183
Other	1,865	5,562
	18,104	14,493

4. Accounts payable

	2019	2018
	\$	\$
Accounts payable - trade	128,701	60,483
Wages payable	22,653	37,300
Accrued sick leave	29,322	27,761
Payroll remittances payable	10,354	14,036
Vacation payable	6,837	7,394
Accrued interest on interim financing	1,655	2,000
	199,522	148,974

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 GSJRFP to fund accrued annual operating surplus or deficits consist of:

	2019	2018
	\$	\$
2019 deficit	(172,908)	—
2018 deficit	(141,803)	(141,803)
2017 deficit	—	(169,235)
Due from GSJRFC, end of year	(314,711)	(311,038)

During 2018, the City of Saint John transferred \$325,000 on behalf of the GSJRFC to the Commission as a supplemental approved contribution.

Saint John Aquatic Center Commission

Notes to the financial statements

December 31, 2019

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. Interim financing of \$150,000 received in 2018 was repaid during the year.

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:

	2019 \$	2018 \$
Included in revenue		
Beach grant	166,776	163,506
Parking revenue	28,739	24,910
Contract revenue – Pedway maintenance	12,000	12,000
Included in expenses		
Water & sewer	57,087	53,131
Insurance	36,068	25,654
Computer lease and maintenance agreement	15,610	15,198
During the year, the following amounts were received from the Town of Quispamsis		
Beach grant	59,184	58,023

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 \$	2019 Net book value \$	2018 Net book value \$
Equipment	189,965	94,444	95,521	117,173

Saint John Aquatic Center Commission

Notes to the financial statements

December 31, 2019

10. Obligations under capital lease

	2019	2018
	\$	\$
2019	—	53,280
2020	53,280	53,280
2021	17,760	17,760
	71,040	124,320
Less amounts representing interest at 4.74%	2,316	6,829
	68,724	117,491
Current portion of obligations under capital lease	51,129	48,767
	17,595	68,724

The lease obligation is secured by equipment and assignment of insurance coverage under a capital lease with a carrying value of \$82,022 (\$117,173 in 2018). Interest expense for long-term debt of \$4,519 (\$6,772 in 2018) is related to the capital lease obligation.

11. Subsequent event

On January 30, 2020 the City of Saint John issued a formal and open request for expressions of interest for the purpose of providing an effective and high-quality operation of the facility for the benefit of the Greater Saint John Region. The response date closed on February 21, 2020. Deliberations and a decision to proceed with any interested party will only be made once options are explored and the City of Saint John staff report to Common Council. The impact on the future operations and the financial position of the Commission are presently not determinable.

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 a series of public health and emergency measures that have been put in place to combat the spread of the virus, including the announcement of a state of emergency in the Province of New Brunswick on March 19, 2020. The duration and impact of COVID-19 is unknown at this time and it is not possible to estimate the impact that the length and severity of these developments will have on the financial results and position of the Commission in future fiscal years.

Saint John Aquatic Center Commission
Schedule of operating revenue and expenses
Year ended December 31, 2019

	2019	2018
	Actual	Actual
	\$	\$
Revenue		
Membership	418,739	390,816
Facility rental	395,992	405,868
Instructional programs	329,639	310,564
Beach contracts	225,960	221,529
Service rentals	155,761	137,173
Massage therapy	153,970	122,787
Government assistance	62,704	—
Aquatic camps	61,028	45,187
Product sales	19,978	22,317
Donations	58	47,010
	1,823,829	1,703,251
Programs		
Wages	1,275,411	1,187,059
Marketing	104,995	115,065
Supplies	84,898	87,882
Amortization	35,861	35,151
	1,501,165	1,425,157
Maintenance		
Utilities	398,331	384,898
Wages	363,251	415,197
Maintenance	80,277	173,255
Supplies	52,839	56,891
Sub-contract	27,636	23,751
	922,334	1,053,992
Administration		
Wages	184,206	239,683
Insurance	32,695	25,654
Office	29,919	27,270
Professional fees	28,262	23,859
Credit card and processing charges	27,865	21,432
Property taxes	15,363	12,815
Telephone	13,299	9,205
Bad debts	11,741	6,466
Equipment rent	9,398	7,949
Interest on long-term debt	9,435	6,772
	362,183	381,105

