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

December 31, 2018

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Independent Auditor's Report

To the Directors 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, 2018, and the statements of operations and annual deficit, changes in net debt and cash flow 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, 2018, 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.

Other Matters

The financial statements for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 31, 2018.

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
August 13, 2019

Saint John Aquatic Center Commission
Statement of financial position
As at December 31, 2018

	Notes	2018 \$	2017 \$
Financial assets			
Cash and cash equivalents		15,233	17,985
Accounts receivable		76,187	103,992
Due from the City of Saint John	7	20,068	2,724
Due from the Greater Saint John Regional Facilities Commission	5	311,038	183,776
		422,526	308,477
Financial liabilities			
Accounts payable	4	148,974	185,086
Deferred revenue		151,099	145,763
City of Saint John - interim financing	6	150,000	—
Current portion of obligations under capital lease	10	117,491	164,004
		567,564	494,853
Net debt		(145,038)	(186,376)
Non-financial assets			
Inventory	3	14,493	17,876
Prepaid expenses		13,372	16,176
Capital assets	9	117,173	152,324
		145,038	186,376
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, 2018

	2018	2017
	\$	\$
Revenue		
Program activities	1,703,251	1,654,278
Expenses		
Programs	1,425,157	1,259,297
Maintenance	1,053,992	908,656
Administration	381,105	405,579
Interest on interim financing	2,000	—
	2,862,254	2,573,532
Operating deficit	(1,159,003)	(919,254)
The Greater Saint John Regional Facilities Commission subsidy	692,200	750,019
Subsidy deficit due from the Greater Saint John Regional Facilities Commission	(466,803)	(169,235)
Subsidy deficit advance from the Greater Saint John Regional Facilities Commission	325,000	—
Total due from the Greater Saint John Regional Facilities Commission	(141,803)	(169,235)
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, 2018

	2018	2017
	\$	\$
Annual surplus	—	—
Decrease in inventory	3,383	13,523
Decrease (increase) in prepaid expenses	2,804	(5,968)
Decrease in net debt	6,187	7,555
Decrease (increase) in capital assets	35,151	(152,324)
Net debt, beginning of year	(186,376)	(41,607)
Net debt, end of year	(145,038)	(186,376)

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

Saint John Aquatic Center Commission**Statement of cash flows**

Year ended December 31, 2018

	2018	2017
	\$	\$
Operating transactions		
Annual deficit	—	—
Items not affecting cash		
Amortization	35,151	23,432
	35,151	23,432
Change in non-cash assets and liabilities		
Accounts receivable	27,805	(8,042)
Due from the City of Saint John	(17,344)	19,370
Due to the Greater Saint John Regional Facilities Commission	(127,262)	(67,771)
Inventory	3,383	13,523
Prepaid expenses	2,804	(5,968)
Accounts payable	(36,112)	(3,547)
Deferred revenue	5,336	35,143
	(106,239)	6,140
Capital transactions		
Purchase of capital assets	—	(175,756)
Financing transactions		
City of Saint John - interim financing	150,000	—
Capital lease payments	(46,513)	(29,809)
Advances from obligations under a capital lease	—	193,813
	103,487	164,004
Decrease in cash	(2,752)	(5,612)
Cash, beginning of year	17,985	23,597
Cash, end of year	15,233	17,985

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

Saint John Aquatic Center Commission
Notes to the financial statements
December 31, 2018

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.

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 Center Commission
Notes to the financial statements
December 31, 2018

3. Inventory

	2018	2017
	\$	\$
Chemicals and cleaning supplies	4,758	10,012
Resale	4,173	4,664
Other	5,562	3,200
	14,493	17,876

4. Accounts payable

	2018	2017
	\$	\$
Accounts payable – trade	60,483	93,144
Wages payable	37,300	45,130
Accrued sick leave	27,761	28,359
Payroll remittances payable	14,036	13,311
Vacation payable	7,394	5,142
Accrued interest on interim financing	2,000	—
	148,974	185,086

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 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.

Accrued annual operating surplus or deficits consist of:

	2018	2017
	\$	\$
Balance, beginning of year	(183,776)	(116,005)
Repayment during the year	(14,541)	(101,464)
Current year's (receivable) refundable subsidy	(169,235)	(14,541)
Long term (receivable)	(466,803)	(169,235)
Subsidy deficit advance	325,000	—
Due from GSJRFC, end of year	(311,038)	(183,776)

6. City of Saint John – Interim Financing

In April 2018, the City of Saint John provided the Commission with interim financing of \$150,000 bearing interest at the prime rate of a Canadian chartered bank less 1.75%, payable quarterly. The principal amount is repayable in equal quarterly instalments commencing on January 1, 2019.

Saint John Aquatic Center Commission
Notes to the financial statements
December 31, 2018

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:

	2018	2017
	\$	\$
Included in revenue		
Beach grant	163,506	163,504
Parking revenue	24,910	17,875
Contract revenue – Pedway maintenance	12,000	12,000
Included in expenses		
Water & sewer	53,131	45,244
Insurance	25,654	25,794
Computer lease and maintenance agreement	15,198	12,184
During the year, the following amounts were received from the Town of Quispamsis		
Beach grant	58,023	55,262

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.

	2018	2017
	\$	\$
Due from the City of Saint John	20,068	2,724

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	2018 Net book value	2017 Net book value
	\$	\$	\$	\$
Equipment	175,756	58,583	117,173	152,324

Saint John Aquatic Center Commission
Notes to the financial statements
December 31, 2018

10. Obligations under capital lease

	2018	2017
	\$	\$
2018	—	53,280
2019	53,280	53,280
2020	53,280	53,280
2021	17,760	17,760
	124,320	177,600
Less amounts representing interest at 4.74%	6,829	13,596
	117,491	164,004
Current portion of obligations under capital lease	48,767	46,513
	68,724	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 (\$175,756 in 2017). Interest expense for long-term debt of \$6,772 (\$6,341 in 2017) is related to the capital lease obligation.

Saint John Aquatic Center Commission
Schedule of operating revenue and expenses
Year ended December 31, 2018

	2018	2017
	Actual	Actual
	\$	\$
Revenue		
Facility rental	405,868	404,593
Membership	390,816	367,815
Instructional programs	310,564	379,089
Beach grants	221,529	218,766
Service rentals	137,173	96,256
Massage therapy	122,787	120,423
Donations	47,010	—
Aquatic camps	45,187	46,605
Product sales	22,317	20,731
	1,703,251	1,654,278
Programs		
Wages	1,187,059	1,065,343
Marketing	115,065	104,997
Supplies	87,882	65,525
Amortization	35,151	23,432
	1,425,157	1,259,297
Maintenance		
Wages	415,197	343,015
Utilities	384,898	352,166
Maintenance	173,255	120,476
Supplies	56,891	60,762
Sub-contract	23,751	32,237
	1,053,992	908,656
Administration		
Wages	239,683	251,847
Office	27,270	25,177
Insurance	25,654	25,794
Professional fees	23,859	19,944
Credit card and processing charges	21,432	22,889
Property taxes	12,815	12,184
Telephone	9,205	14,693
Equipment rent	7,949	8,958
Interest on long-term debt	6,772	6,341
Bad debts	6,466	7,352
Board governance	—	10,400
	381,105	405,579

