
Financial statements of
Saint John Aquatic Center
Commission

December 31, 2022

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Independent Auditor'S Report

To the Commissioners of
Saint John Aquatic Centre Commission

Report on the Audit of the Financial Statements

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, 2022, 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, 2022, 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, 2022 was modified accordingly because of the possible effects of this limitation in scope and the carry-over impact.

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
March 24, 2023

Saint John Aquatic Center Commission
Statement of financial position
As at December 31, 2022

	Notes	2022 \$	2021 \$
Financial assets			
Cash		11,802	1,955
Accounts receivable		119,969	95,384
Due from the Greater Saint John Regional Facilities Commission	5	191,533	606,641
		<u>323,304</u>	<u>703,980</u>
Liabilities			
Due to the City of Saint John		—	49,537
Accounts payable	4	208,367	172,747
Bank indebtedness		—	46,652
Canada emergency wage subsidy payable	9	—	324,519
Deferred revenue		157,186	164,960
		<u>365,553</u>	<u>758,415</u>
Net debt		<u>(42,249)</u>	<u>(54,435)</u>
Non-financial assets			
Inventories	3	13,916	13,141
Prepaid expenses		19,097	18,918
Capital assets	8	9,236	22,376
		<u>42,249</u>	<u>54,435</u>
Accumulated surplus (deficit)		<u>—</u>	<u>—</u>

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

On behalf of the Board

JP Losier, Chair, Commissioner
Michael Muller, Commissioner

Saint John Aquatic Center Commission
Statement of operations and annual surplus (deficit)
Year ended December 31, 2022

	Notes	2022	2021
		\$	\$
Revenue			
Program activities		<u>2,025,714</u>	1,545,511
Expenses			
Programs		1,387,786	1,253,669
Maintenance		783,178	749,805
Administration		<u>447,356</u>	355,185
		2,618,320	2,358,659
Net expenditures before undernoted items		<u>(592,606)</u>	(813,148)
	9		
Contributions from Greater Saint John Regional Facilities Commission			
Approved annual contribution		<u>615,221</u>	599,000
Operating surplus (deficit)		<u>22,615</u>	(214,148)
Greater Saint John Regional Facilities Commission deficit funding	5	<u>(22,615)</u>	214,148
Annual surplus (deficit)		<u>—</u>	—

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, 2022

	2022	2021
	\$	\$
Annual deficit	—	—
(Increase) decrease in inventories	(775)	380
Increase in prepaid expenses	(179)	(176)
(Increase) decrease in net debt	(954)	204
Decrease in capital assets	13,140	36,573
Net debt, beginning of year	(54,435)	(91,212)
Net debt, end of year	(42,249)	(54,435)

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

Saint John Aquatic Center Commission
Statement of cash flows
Year ended December 31, 2022

	2022	2021
	\$	\$
Operating transactions		
Annual surplus (deficit)	—	—
Items not affecting cash		
Amortization	13,140	36,573
	13,140	36,573
Change in non-cash operating working capital		
Accounts receivable	(24,585)	11,437
Due from the Greater Saint John Regional Facilities Commission	415,108	(41,240)
Due to the City of Saint John	(49,537)	44,605
Inventories	(775)	380
Prepaid expenses	(179)	(176)
Accounts payable	35,620	(119,039)
Bank indebtedness	(46,652)	46,652
Canada emergency wage subsidy payable	(324,519)	—
Deferred revenue	(7,774)	61,287
	9,847	40,479
Financing transactions		
City of Saint John - interim financing repayment	—	(37,500)
Capital lease payments	—	(17,595)
	—	(55,095)
Increase (decrease) in cash	9,847	(14,616)
Cash, beginning of year	1,955	16,571
Cash, end of year	11,802	1,955

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

Saint John Aquatic Center Commission

Notes to the financial statements

December 31, 2022

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 and cash equivalents consist of cash on hand, and bank balances.

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 10-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, 2022

3. Inventories

	\$	\$
Chemicals and cleaning supplies	10,559	9,929
Resale	3,357	2,654
Other	—	558
	13,916	13,141

4. Accounts payable

	2022	2021
	\$	\$
Accounts payable - trade	99,784	72,381
Accrued sick leave	44,293	49,479
Wages payable	38,965	23,564
Payroll remittances payable	17,495	6,019
Vacation payable	7,830	19,386
Accrued interest on interim financing	—	1,918
	208,367	172,747

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 surplus was incurred.

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

	2022	2021
	\$	\$
2022 surplus	22,615	—
2021 deficit	(214,148)	(214,148)
2020 deficit	—	(392,493)
Due from GSJRFC, end of year	(191,533)	(606,641)

Saint John Aquatic Center Commission
Notes to the financial statements
December 31, 2022

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:

	2022	2021
	\$	\$
Included in revenue		
Beach grant	176,984	173,514
Parking revenue	18,410	22,372
Contract revenue - Pedway maintenance	12,000	12,000
Included in expenses		
Water & sewer	32,120	28,641
Insurance	40,120	35,969
During the year, the following amounts were received from the Town of Quispamsis:		
Lifeguard & Swimming Instruction Services	160,000	132,000
Beach grant	62,806	61,575

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.

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.

8. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Equipment	189,965	180,729	9,236	22,376

9. 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, 2021, however the liability was extinguished in 2022.

Saint John Aquatic Center Commission

Notes to the financial statements

December 31, 2022

9. Canada Emergency Wage Subsidy payable (continued)

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. Following the City of Saint John's payment to the CRA, the remaining funding municipalities of the Greater Saint John Regional Facilities Commission paid the City of Saint John their respective portions of the CEWS liability and accumulated interest. When the interest was refunded, the municipalities were refunded their respective portions by the City of Saint John.

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.

10. Comparative figures

Certain figures for 2021 have been reclassified to conform to the presentation adopted in 2022.

11. Subsequent event

Effective January 1, 2023, the Greater Saint John Regional Facilities Commission is abolished and the Fundy Regional Service Commission is entitled to all records, property and assets, not including real property, used in the operation of the Greater Saint John Regional Facilities Commission.

Saint John Aquatic Center Commission
Schedule of operating revenue and expenses
Year ended December 31, 2022

	2022 Actual \$	2021 Actual \$
Revenue		
Facility rental	403,607	279,579
Beach contracts	399,790	367,088
Membership	378,662	367,425
Instructional programs	299,760	224,213
COVID-19 relief funding	250,000	—
Service rentals	124,147	115,564
Government assistance	51,926	48,294
Aquatic camps	50,066	29,538
Massage therapy	41,760	102,536
Product sales	17,797	11,216
Donations	8,199	58
	2,025,714	1,545,511
Programs		
Wages	1,227,027	1,108,821
Supplies	88,054	57,284
Marketing	61,338	50,991
Amortization	13,140	36,573
Interest on interim financing	(1,773)	—
	1,387,786	1,253,669
Maintenance		
Utilities	352,126	308,138
Wages	281,739	328,028
Maintenance	62,264	29,502
Supplies	59,770	51,058
Sub-contract	27,279	33,079
	783,178	749,805
Administration		
Wages	296,104	227,722
Insurance	40,120	29,894
Office	39,087	32,212
Credit card and processing charges	18,370	18,592
Professional fees	16,556	6,176
Telephone	16,431	15,826
Bad debts	10,877	7,929
Property taxes	8,834	15,348
Board governance	977	—
Interest on long-term debt	—	1,486
	447,356	355,185