

**NEWFOUNDLAND AND LABRADOR  
SPORTS CENTRE INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2023**

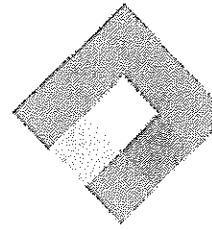
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# NOSEWORTHY CHAPMAN

chartered professional accountants

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## MANAGEMENT'S REPORT

### Managements Responsibility for Newfoundland and Labrador Sports Centre Inc. Financial Statements

The accompanying financial statements are the responsibility of the management of Newfoundland and Labrador Sports Centre Inc. and have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Management is responsible for the integrity and objectivity of these statements, all the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls and exercises these responsibilities through participation in board meetings. The board members review internal financial statements on a quarterly basis and external audited financial statements on an annual basis.

Noseworthy Chapman as Newfoundland and Labrador Sports Centre Inc.'s appointed external auditors, have audited the financial statements. The auditor's report is addressed to the Board of Directors and appears on the following page. Their opinion is based upon examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and the results of the Newfoundland and Labrador Sports Centre Inc. in accordance with Canadian public sector accounting standards.

On behalf of the Newfoundland and Labrador Sports Centre Inc.



Board Chair



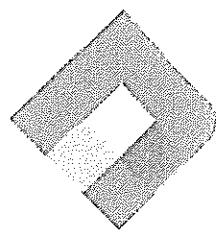
Executive Director

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## INDEPENDENT AUDITORS' REPORT

To the Board of Newfoundland and Labrador Sports Centre Inc.

We have audited the financial statements of Newfoundland and Labrador Sports Centre Inc. (the Organization), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Organization 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 those 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 Canadian public sector accounting standards, 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 generally accepted auditing standards 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 generally accepted auditing standards, 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.



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- 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 Organization'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 Organization'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 Organization 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.

*Joseph D. Chapman*  
Chartered Professional Accountants  
St. John's, NL  
July 19, 2023

**NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.****Statement of Financial Position**  
**Year Ended March 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 239,996	\$ 292,471
Temporary investments (Note 4)	467,547	305,927
Accounts receivable	52,291	63,393
	<b>759,834</b>	<b>661,791</b>
<b>LIABILITIES</b>		
Payables and accruals (Note 5)	73,748	90,123
Deferred contributions (Note 6)	371,353	384,665
Government remittances payable	80,978	34,910
Promissory note payable (Note 7)	-	52,221
	<b>526,079</b>	<b>561,919</b>
<b>Net financial liabilities</b>	<b>\$ 233,755</b>	<b>\$ 99,872</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	\$ 6,804,700	\$ 7,055,589
Prepaid expenses	7,374	3,738
	<b>6,812,074</b>	<b>7,059,327</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 7,045,829</b>	<b>\$ 7,159,199</b>
<b>Accumulated surplus comprised of:</b>		
<b>Unrestricted net assets</b>	<b>\$ 7,045,829</b>	<b>\$ 7,159,199</b>

On Behalf of the Board:

DocuSigned by:



John Doe  
F0905E4F-B0C8-41D4-8A8A-123456789012

Chairperson

Director

**NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended March 31, 2023**

	Budget 2023 (Unaudited)	2023	2022
<b>REVENUES</b>			
Government grants (Note 9)	\$ 415,100	\$ 420,040	\$ 416,618
Rental	300,000	391,405	320,861
Donations	-	-	465
Interest	3,300	11,620	797
Miscellaneous	-	1,339	54
	<b>718,400</b>	<b>824,404</b>	<b>738,795</b>
<b>EXPENDITURES</b>			
Advertising and promotion	\$ 1,000	\$ 6,475	\$ 374
Amortization	250,889	250,889	250,889
Insurance	4,585	4,570	4,096
Interest and bank charges	180	210	180
Interest on promissory notes	600	446	2,549
Memberships	510	504	510
Miscellaneous	4,200	2,828	2,328
Office	6,450	7,251	3,383
Online booking maintenance	2,700	1,652	2,682
Professional fees	6,834	6,767	6,834
Property taxes	2,000	2,368	2,000
Repairs and maintenance	126,119	122,009	92,046
Salaries and wages	379,166	381,619	365,956
Security	925	773	916
Supplies	34,326	24,331	19,050
Telephone	500	652	410
Training	400	809	-
Utilities	139,988	122,834	132,064
Vehicles	3,300	787	763
	<b>964,672</b>	<b>937,774</b>	<b>887,030</b>
<b>ANNUAL DEFICIT</b>	<b>\$ (246,272)</b>	<b>\$ (113,370)</b>	<b>\$ (148,235)</b>
Accumulated surplus, beginning of year		7,159,199	7,307,434
<b>Accumulated surplus, end of year</b>	<b>\$ 7,045,829</b>	<b>\$ 7,159,199</b>	

**NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.****Statement of Changes in Net Financial Assets**  
**Year Ended March 31, 2023**

	Budget 2023 (Unaudited)	2023	2022
<b>Annual deficit</b>	<b>\$ (246,272)</b>	<b>\$ (113,370)</b>	<b>\$ (148,235)</b>
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	-	-	-
Amortization of tangible capital assets	-	250,889	250,889
	-	<b>250,889</b>	<b>250,889</b>
<b>Change in other non-financial assets</b>			
Net acquisition of prepaid expenses	-	(3,636)	(231)
	-	<b>(3,636)</b>	<b>(231)</b>
<b>Increase in net financial assets</b>	<b>133,883</b>	<b>102,423</b>	
<b>Net financial liabilities, beginning of year</b>	<b>99,872</b>	<b>(2,551)</b>	
<b>Net financial liabilities, end of year</b>	<b>\$ 233,755</b>	<b>\$ 99,872</b>	

**NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.****Statement of Cash Flows**  
**Year Ended March 31, 2023**

	2023	2022
<b>Operating transactions</b>		
Cash receipts from government and customers	\$ 810,574	\$ 722,765
Cash paid to suppliers and employees	(660,172)	(572,508)
Donations received		465
Interest received	11,620	797
Interest and bank charges paid	(656)	(2,729)
Cash provided by operating transactions	161,366	148,790
<b>Capital transactions</b>		
Purchase of tangible capital assets		-
Cash used in capital transactions		-
<b>Financing transactions</b>		
Repayment of promissory note	(52,221)	(52,221)
Cash used in financing transactions	(52,221)	(52,221)
Increase in cash during year	109,145	96,569
<b>Cash position, beginning of year</b>	<b>598,398</b>	<b>501,829</b>
<b>Cash position, end of year</b>	<b>\$ 707,543</b>	<b>\$ 598,398</b>
<b>Cash consists of:</b>		
Cash	\$ 239,996	\$ 292,471
Temporary investments	467,547	305,927
	\$ 707,543	\$ 598,398

## **NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**

### **Notes to the Financial Statements** **Year Ended March 31, 2023**

#### **1. GENERAL**

Newfoundland and Labrador Sports Centre Inc. (the "organization") was incorporated under the Corporations Act of Newfoundland and Labrador on April 3, 2008. The organization is a Provincial Crown Corporation that provides a training centre for all sports available to the youth of the Province of Newfoundland and Labrador.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Basis of accounting

The organization is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (PSAS). These financial statements are prepared by management in accordance with generally accepted accounting principles for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The organization does not prepare a statement of re-measurement gains and losses as the organization does not enter into relevant transactions or circumstances that are addressed by that statement.

##### Cash

Cash includes cash in bank and balances with financial institutions, net of overdrafts.

##### Temporary investments

Temporary investments consist of guaranteed investment certificates with maturities of less than a year, and high-interest savings accounts.

##### Tangible capital assets

Tangible capital assets are recorded on the Statement of Financial Position at cost less accumulated amortization. They are amortized as follows:

Building	40 years	straight-line method
Equipment	5 years	straight-line method

Tangible capital assets are written down when conditions indicate that they no longer contribute to the organization's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

##### Prepaid expenses

Prepaid expenses include amounts paid in advance for services, insurance, and workers compensation and are charged to expense over the periods expected to benefit from it.

## **NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**

### **Notes to the Financial Statements**

**March 31, 2023**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Financial instruments**

The organization's financial instruments recognized in the statement of financial position consist of cash, temporary investments, accounts receivable, payables and accruals, government remittances payable and promissory note payable. The organization generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Receivables are classified as loans and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

The organization's carrying value of cash, temporary investments, accounts receivable, payables and accruals, government remittances payable and promissory notes payable approximates its fair value due to the immediate or short term maturity of these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

##### **Revenues**

Government transfers with stipulations restricting their use are recognized as revenue when the transfer is authorized and the eligibility criteria are met by the organization, except when and to the extent the transfer gives rise to an obligation that constitutes a liability. When the transfer gives rise to an obligation that constitutes a liability, the transfer is recognized in revenue when the liability is settled.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized on the accrual basis in accordance with the terms of the corresponding lease agreements.

Interest revenue is recognized on the accrual basis as earned.

Donation revenue is recognized when received.

##### **Expenditures**

Expenditures are reported on an accrual basis. The costs of all goods consumed and services received during the year are expensed.

##### **Inter-entity transactions**

Inter-entity transactions are transactions between commonly controlled entities.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

## **NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**

### **Notes to the Financial Statements**

**March 31, 2023**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets.

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. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

#### **3. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2023.

##### *Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

#### **4. TEMPORARY INVESTMENTS**

	2023		2022	
	Fair value	Cost	Fair value	Cost
Money Market Mutual Funds, Corporate Investing Savings Account	\$ 313,149	\$ 313,149	\$ 305,927	\$ 305,927
Guaranteed Investment Certificates, at an annual rate of 3.85% maturing June 27, 2023	154,398	150,000	-	-
	<b>\$ 467,547</b>	<b>\$ 463,149</b>	<b>\$ 305,927</b>	<b>\$ 305,927</b>

**NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.****Notes to the Financial Statements**  
**March 31, 2023****5. PAYABLES AND ACCRUALS**

	<b>2023</b>	<b>2022</b>
Accounts payable	\$ 45,920	\$ 63,753
Accrued liabilities	27,828	26,370
	<hr/> <b>\$ 73,748</b>	<hr/> <b>\$ 90,123</b>

**6. DEFERRED CONTRIBUTIONS**

Deferred contributions represent government transfers received with associated stipulations relating to specific projects or programs, resulting in a liability. These transfers will be recognized as revenue in the period in which the resources are used for the purpose specified and the liability is settled.

**7. PROMISSORY NOTE PAYABLE**

Promissory note payable to a private individual in the amount of \$nil (2022 - \$52,221), bearing interest at prime plus 0.5% annually with monthly interest payments. The promissory note was repaid in full during the year.

**NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.****Notes to the Financial Statements**  
**March 31, 2023****8. TANGIBLE CAPITAL ASSETS**

2023				
	Land	Building	Equipment	Total
<b>Cost</b>				
Opening balance	\$ 280,000	\$ 9,845,698	\$ 572,344	<b>\$ 10,698,042</b>
Additions	-	-	-	-
Closing balance	280,000	9,845,698	572,344	<b>10,698,042</b>
<b>Accumulated amortization</b>				
Opening balance	-	3,084,350	558,103	3,642,453
Amortization	-	246,143	4,746	250,889
Closing balance	-	3,330,493	562,849	<b>3,893,342</b>
Net book value	\$ 280,000	\$ 6,515,205	\$ 9,495	<b>\$ 6,804,700</b>
2022				
	Land	Building	Equipment	Total
<b>Cost</b>				
Opening balance	\$ 280,000	\$ 9,845,698	\$ 572,344	<b>\$ 10,698,042</b>
Additions	-	-	-	-
Closing balance	280,000	9,845,698	572,344	<b>10,698,042</b>
<b>Accumulated amortization</b>				
Opening balance	-	2,838,207	553,357	3,391,564
Amortization	-	246,143	4,746	250,889
Closing balance	-	3,084,350	558,103	<b>3,642,453</b>
Net book value	\$ 280,000	\$ 6,761,348	\$ 14,241	<b>\$ 7,055,589</b>

**NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**

**Notes to the Financial Statements**  
**March 31, 2023**

**9. RELATED PARTY TRANSACTIONS**

The organization received an annual operating grant from the Government of Newfoundland and Labrador in the amount of \$411,600 (2022 - \$411,600). The organization also received special purpose grants from the Government of Newfoundland and Labrador totaling \$23,000 (2022 - \$NIL) of which \$23,000 is deferred.

**10. BUDGET FIGURES**

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors.