

**Fundy Civic Centre Inc.**  
**Financial Statements**  
**(Unaudited)**  
**December 31, 2019**



---

**Fundy Civic Centre Inc.**  
**Table of Contents**  
**December 31, 2019**  
**(Unaudited)**

---

	<b>Page</b>
<b>Independent Practitioners' Review Engagement Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 14

## Independent Practitioners' Review Engagement Report

To the Members of  
Fundy Civic Centre Inc.

I have reviewed the accompanying financial statements of Fundy Civic Centre Inc. that comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

### *Practitioners' Responsibility*

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioners perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

### *Basis for Qualified Conclusion*

Fundy Civic Centre Inc. derives a material amount of revenue from donations and fundraising activities. I was not able to obtain sufficient appropriate evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, I was unable to determine whether any adjustments to these amounts were necessary.

### *Qualified Conclusion*

Based on my review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Fundy Civic Centre Inc. as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Sussex, New Brunswick  
September 21, 2020

*Donna L. Floyd Hanson*

Donna L. Floyd, CPA Professional  
Corporation  
Chartered Professional Accountant

DONNA L. FLOYD, CPA  
PROFESSIONAL CORP.

**Fundy Civic Centre Inc.**  
**Statement of Financial Position**  
 As at December 31, 2019  
 (Unaudited)

	2019	2018
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 16,933	\$ -
Short term investment (Note 3)	-	100,945
Accounts receivable (Note 4)	318,604	312,465
Inventory (Note 5)	5,715	6,825
	341,252	420,235
Property, plant and equipment (Note 6)	7,136,373	7,299,197
Incorporation costs	2,941	2,941
	\$ 7,480,566	\$ 7,722,373
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ -	\$ 120,330
Accounts payable and accrued liabilities (Note 7)	61,143	40,585
Deferred revenue (Note 8)	39,085	30,606
HST payable	186	5,149
Current portion of capital lease obligation	1,096	-
	101,510	196,670
<b>Long-term liabilities</b>		
Capital lease obligation (Note 9)	3,047	-
Deferred contributions	3,979,752	4,175,025
	3,982,799	4,175,025
	4,084,309	4,371,695
<b>Balance</b>	3,396,257	3,350,678
	\$ 7,480,566	\$ 7,722,373

Approved on behalf of the board

\_\_\_\_\_ Member

\_\_\_\_\_ Member

See accompanying notes  
 Subject to review engagement report dated September 21, 2020



**Fundy Civic Centre Inc.**  
**Statement of Operations**  
Year ended December 31, 2019  
(Unaudited)

	2019 Budget	2019 Actual	2018 Actual
<b>Revenues</b>			
Memberships	\$ 347,500	\$ 336,511	\$ 265,840
Community Partners	312,000	313,954	301,130
Grants and Donations	45,000	132,195	54,796
Amortization of deferred building contributions	93,335	93,335	93,335
Fundraising	75,000	85,889	60,917
Aquatics	51,000	59,326	98,914
Corporate Income	15,000	26,320	1,848
Community Room and Camps	15,000	21,947	14,695
Pro Shop	13,500	11,199	8,944
LEAP program	25,000	8,447	42,901
Fitness	12,000	7,189	10,925
HST Other	-	3,809	1,599
Interest income	1,000	754	1,269
	<u>1,005,335</u>	<u>1,100,875</u>	<u>957,113</u>
<b>Expenditures</b>			
Payroll Expenses	453,000	472,153	433,744
Amortization	190,000	189,264	188,783
Electricity	135,000	128,953	133,092
Splash Cash	40,000	50,057	33,633
Taxes and Insurance	44,000	39,789	38,037
Service Contracts and Maintenance	32,000	32,572	24,995
Aquatics Operational Supplies	50,000	30,657	47,994
Equipment Maintenance and Repairs	15,000	17,409	18,271
Maintenance Operational Supplies	9,000	16,280	9,114
Admin Operational Supplies	8,500	14,330	8,542
Bank Charges and Interest	13,500	11,322	13,094
Software	6,000	9,696	7,469
Pro Shop	7,000	9,406	6,276
Marketing	3,500	8,297	3,004
Communication Services	7,000	6,924	7,274
Fitness Equip Maintenance & Operational Supplies	21,500	6,640	11,798
Accounting and Consulting	8,500	5,885	18,244
Community Room and Camps	1,500	2,954	1,752
LEAP	3,000	1,513	23,420
Grants and Fundraising Expense	2,000	1,466	1,150
	<u>1,050,000</u>	<u>1,055,567</u>	<u>1,029,686</u>
	(44,665)	45,308	(72,573)
Gain on sale of property, plant and equipment	-	271	-
<b>(Deficiency) excess of revenues over expenditures</b>	<u>\$ (44,665)</u>	<u>\$ 45,579</u>	<u>\$ (72,573)</u>

See accompanying notes  
Subject to review engagement report dated September 21, 2020





**Fundy Civic Centre Inc.**  
**Statement of Changes in Net Assets**  
Year ended December 31, 2019  
(Unaudited)

	Balance, beginning of year	Excess (deficiency) of revenues over expenditures	2019 Balance, end of year
Invested in property, plant and equipment	\$ 3,212,119	\$ (95,929)	\$ 3,116,190
Restricted for property, plant and equipment	129,159	-	129,159
Restricted for capital utilization reserve	47,794	-	47,794
Restricted for LEAP Program	52,550	(10,003)	42,547
Unrestricted	(90,944)	151,511	60,567
	<b>\$ 3,350,678</b>	<b>\$ 45,579</b>	<b>\$ 3,396,257</b>

	Balance, beginning of year	Excess (deficiency) of revenues over expenditures	2018 Balance, end of year
Invested in property, plant and equipment	\$ 3,307,568	\$ (95,449)	\$ 3,212,119
Restricted for property, plant and equipment	129,159	-	129,159
Restricted for capital utilization reserve	47,794	-	47,794
Restricted for LEAP Program	56,808	(4,258)	52,550
Unrestricted	(118,078)	27,134	(90,944)
	<b>\$ 3,423,251</b>	<b>\$ (72,573)</b>	<b>\$ 3,350,678</b>

See accompanying notes  
Subject to review engagement report dated September 21, 2020



**Fundy Civic Centre Inc.**  
**Statement of Cash Flows**  
Year ended December 31, 2019  
(Unaudited)

	2019	2018
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ 45,579	\$ (72,573)
Adjustments for		
Amortization	189,264	188,783
Amortization of deferred building contributions	(93,335)	(93,335)
Gain on sale of property, plant and equipment	(271)	-
Amortization of deferred contribution	(100,625)	(20,125)
Amortization of deferred grant contribution	(1,313)	(730)
	<u>39,299</u>	2,020
Change in non-cash working capital items		
Decrease (increase) in short term investment	100,945	(320)
(Increase) decrease in accounts receivable	(6,139)	26,109
Decrease (increase) in inventory	1,110	(1,325)
Increase (decrease) in accounts payable and accrued liabilities	20,558	(3,950)
Increase (decrease) in deferred revenue	8,479	(621)
Decrease in HST	(4,963)	(5,957)
	<u>159,289</u>	15,956
<b>Investing activities</b>		
Purchase of property, plant and equipment	(27,299)	(19,242)
Proceeds on disposal of property, plant and equipment	1,130	-
Deferred grant to offset purchase of property, plant and equipment	-	7,295
	<u>(26,169)</u>	(11,947)
<b>Financing activities</b>		
Repayment of capital lease obligation	(787)	-
Proceeds of capital lease obligation	4,930	-
	<u>4,143</u>	-
<b>Decrease in bank indebtedness</b>	137,263	4,009
<b>Bank indebtedness, beginning of year</b>	<u>(120,330)</u>	<u>(124,339)</u>
<b>Cash (bank indebtedness), end of year</b>	<u>\$ 16,933</u>	<u>\$ (120,330)</u>

See accompanying notes  
Subject to review engagement report dated September 21, 2020



---

**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

---

1. **Nature of operations**

Fundy Civic Centre Inc. was incorporated under the Business Corporations Act of New Brunswick on September 17, 1997 as a corporation without share capital. Supplementary Letters Patent were issued on March 26, 2004. The organization was incorporated to accumulate, receive and maintain funds for exclusively charitable purposes in Canada and to use all or part of the funds to undertake and carry out, encourage and aid and assist, the communities and institutions therein providing health/wellness/recreational services in the Town of Sussex and surrounding areas. The corporation has been granted tax-exempt status as a registered charity under paragraph 149(1)(f) of the *Income Tax Act*.

2. **Significant accounting policies**

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) **Cash**

Cash consists of cash on hand and bank balances, including bank overdrafts with balances that fluctuate from being positive to overdrawn. Term deposits are excluded from cash as the organization cannot use for current transactions as they are pledged for security.

(b) **Financial instruments**

The organization's financial instruments consist of cash, term deposits, accounts receivable, bank indebtedness, accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

(c) **Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

(d) **Property, plant and equipment**

Property, plant and equipment are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Buildings	50 years Straight-line
Equipment	20% Declining balance
Paving	10% Declining balance
Furniture & fixtures	20% Declining balance
Equipment under capital lease	20% Declining balance

Subject to review engagement report dated September 21, 2020



---

**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

---

2. **Significant accounting policies, continued**

(e) **Revenue recognition**

Revenue is generated from various sources and is recognized as follows:

- (i) The sale of memberships, programs, rentals, pro shop and concessions is recognized at the time of sale net of any returns or refunds.
- (ii) Local government funding is recognized as revenue for the period to which it relates.
- (iii) Revenue generated from grants is recorded as revenue for the period to which it relates.
- (iv) Contributions, including charitable donations, are accounted for using the deferral method whereby unrestricted contributions are recognized as revenue in the year they are received. Pledges are not recognized as revenue until they are received.
- (v) Interest is recognized when earned.

(f) **Contributed services**

Directors, committee members and community residents volunteer their time to assist in the corporation's activities. While these services benefit the corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(g) **Government assistance**

Government and other grants related to property, plant and equipment are accounted for as deferred government assistance and amortized on the same basis as the related property, plant and equipment. Operating grants are accounted for as a reduction of operating expenses.

(h) **Fund accounting deferred**

The organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

Endowment contributions are recognized as direct increases in net assets.

**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

2. **Significant accounting policies, continued**

(i) **Fund accounting**

The organization maintains its accounts in accordance with the principles of fund accounting whereby resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. The following funds are maintained:

**Building Fund:**

The purpose of this fund is to account for all revenues and expenses related to the establishment of the Fundy Civic Centre building.

**Operating Fund:**

The purpose of this fund is to account for revenues and expenses related to operating the facility. The organization incurred operating expenses prior to opening the facility to the public and generating any revenues.

(j) **LEAP Program**

Leisure Enjoyment for All People is a financial assistance program that focuses on raising much needed resources to support those with financial barriers to physical activity. Supporting the campaign directly supports youth and families within the community. Donations and fundraising are segregated for the purpose of continuing the program.

3. **Short term investment**

	<b>2019</b>	2018
Term deposit, 0.9% payable semi-annually, matures August 28, 2019	\$ -	\$ 100,625
Accrued interest	-	320
	\$ -	\$ 100,945



**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

4. **Accounts receivable**

	2019	2018
Trade receivables	\$ 4,650	\$ 534
Local governments, current	313,954	311,931
	\$ 318,604	\$ 312,465

5. **Inventory**

	2019	2018
Inventory of merchandise for resale	\$ 5,715	\$ 6,825

6. **Property, plant and equipment**

	2019		2018	
	Cost	Accumulated amortization	Net	Net
Land	\$ 7,022	\$ -	\$ 7,022	\$ 7,022
Buildings	8,186,246	1,213,856	6,972,390	7,136,115
Equipment	55,153	31,189	23,964	26,951
Paving	109,995	56,776	53,219	59,132
Furniture & fixtures	222,599	147,258	75,341	69,977
	8,581,015	1,449,079	7,131,936	7,299,197
Equipment under capital lease	4,930	493	4,437	-
	\$ 8,585,945	\$ 1,449,572	\$ 7,136,373	\$ 7,299,197

Subject to review engagement report dated September 21, 2020



---

**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

---

7. **Accounts payable and accrued liabilities**

	<u>2019</u>	<u>2018</u>
Trade accounts payable	\$ 34,629	\$ 14,011
Due to Ellen Watters Memorial	5,610	6,021
Splash cash	13,784	10,413
Employee benefits payable	1,321	3,719
Employee deductions payable to federal government	5,799	6,421
	<u>\$ 61,143</u>	<u>\$ 40,585</u>

8. **Deferred revenue**

	<u>2019</u>	<u>2018</u>
Prepaid memberships	\$ 26,443	\$ 21,858
Gift certificates	12,642	8,748
	<u>\$ 39,085</u>	<u>\$ 30,606</u>



**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

9. **Capital lease obligation**

	2019	2018
Capital lease contract with equipment pledged as security, repayable in monthly installments of \$130.09 plus HST including interest at 12.75% per annum with a maturity date of April 2023 and a buyout option of \$10 at maturity.	\$ 4,143	\$ -
Less current portion	1,096	-
Due beyond one year	\$ 3,047	\$ -

Capital leases are recorded at an amount equal to the present value of the lease payments using the interest rate implicit in the lease. The implicit interest rate of this obligation is 12.75% and the expiry date is 2023. The following is a schedule of future minimum lease payments under capital leases.

2020	\$ 1,561
2021	1,561
2022	1,561
2023	390
Purchase options available	10
Total future minimum lease payments	5,083
Less amount representing interest	940
Present value of minimum net lease payments	4,143
Less current portion	1,096
	\$ 3,047

Interest charges to the accounts of the organization on the above during the year amounts to \$384 (2018 - \$-).

Estimated principal repayments are as follows:

2020	\$ 1,096
2021	1,244
2022	1,411
2023	392
	\$ 4,143

Subject to review engagement report dated September 21, 2020



**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

10. **Deferred contributions**

Deferred contributions are comprised of the following:

**Deferred Building Contributions:**

Deferred building contributions represent government assistance received under the Canada - New Brunswick Municipal Rural Infrastructure Fund and Atlantic Canada Opportunities Agency - Innovative Communities Fund to purchase capital assets. The contributions are amortized into revenue over the useful life of the asset.

**Deferred Contribution PotashCorp Fund:**

During the fiscal year ended July 31, 2016, Potash Corporation of Saskatchewan Inc. provided a gift totaling \$250,000 to be given in two payments: \$89,000 on February 17, 2016 and \$161,000 on August 1, 2016 to establish a deferred contribution. The purpose of which is as follows: \$89,000 was used in the year ended July 31, 2016 to pay off the Civic Centre's accumulated operating deficit and the \$161,000 shall be used to pay for operating expenses of the Civic Centre in the year of the agreement and in each of the succeeding seven years to a maximum of \$20,125 per year plus any income accumulated such that the contribution shall be exhausted in the eighth year. During fiscal 2019, this agreement was amended to permit the remaining contribution to be recognized and utilized in the current year.

**Deferred Grant Contribution:**

During the fiscal year ended December 31, 2018, a grant was received from the Cardiac Care Unit for the purchase of treadmill in the amount of \$7,295 + \$1,094.25 HST. The portion of the grant applicable to cost of the treadmill is amortized over the life of the asset and recognized in grant revenue.

	2019	2018
Deferred Building Contribution	\$ 3,974,500	\$ 4,067,835
Deferred Contribution PotashCorp fund	-	100,625
Deferred Grant Contribution	5,252	6,566
	\$ 3,979,752	\$ 4,175,026



**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

11. **Local government funding**

	<b>2019 Budget</b>	2019 Actual	2018 Actual
Local Service Districts (Cardwell, Studholm, Sussex and Waterford)	\$ 163,839	\$ 169,340	\$ 214,015
Town of Sussex	103,855	101,255	61,191
Village of Norton	18,947	18,554	10,973
Village of Sussex Corner	25,359	24,805	14,951
	<b>\$ 312,000</b>	<b>\$ 313,954</b>	<b>\$ 301,130</b>

12. **Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the organization is a going concern and thus expects to fully repay the outstanding amounts.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It is management's opinion that the organization is not exposed to significant currency risk as there were no transactions in foreign currencies during the year.

(c) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. It is management's opinion, the organization is not exposed to significant market risk.





---

**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

---

12. **Financial instruments, continued**

(d) Credit risk

The organization does have credit risk in accounts receivable of \$318,604 (2018 - \$312,465). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. In the opinion of management the credit risk exposure to the organization is low and is not material as the majority of accounts receivable relates to agreed government funding.

(e) Liquidity risk

The organization does have a liquidity risk in the bank indebtedness and accounts payable and accrued liabilities of \$61,143 (2017 - \$160,915). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the organization is low and is not material.

(f) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate. It is management's opinion, the organization is not exposed to significant cash flow risk.

(i) Interest rate risk

The organization is exposed to interest rate risk. Interest rate risk is the risk that the organization has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The organization does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the organization low and is not material.

13. **Inter-fund loan**

An inter-fund loan balance exists from the Building Fund to the Operations Fund in the amount of \$132,474 (2017 - \$172,987). This loan is non-interest bearing with no specific terms of repayment.



---

**Fundy Civic Centre Inc.**  
**Notes to the Financial Statements**  
December 31, 2019  
(Unaudited)

---

14. **Subsequent events**

Subsequent to the year end, the organization was required to shut down from March 16, 2020 - June 7, 2020 due to provincial measures imposed by public health concerns related to the COV-19 pandemic. This resulted in substantial employee layoffs. The business reopened June 8, 2020 at a reduced pool and track/fitness area capacity. The financial effects cannot be estimated as the pandemic is still ongoing and government measures introduced to combat its effects are being pursued.