

September 28, 2012

Ms Sandra Barnes
Clerk of the House of Assembly

Dear Ms Barnes:

Re: 2011-12 Annual Report

On behalf of the Minister of Tourism, Culture and Recreation, I am pleased to provide 10 paper copies of the 2011-12 Annual Report of the Newfoundland and Labrador Sport Centre. It has also been submitted to the House in digital format. By this letter, I am conveying the Minister's intent to table.

Sincerely,



Janet Miller Pitt
Director, Strategic Planning and Policy Division

c: Ms. Kimberly Puddister, House of Assembly
Mr. Andy Fowler, House of Assembly
Ms. Wanda Mazerolle, Transparency and Accountability Office
Ms. Andrea Hyde, House of Assembly

Newfoundland and Labrador Sports Centre

Annual Report

2011-2012

Message from the Chair

Dear Minister:

On behalf of the members of the Board of Directors for the Newfoundland and Labrador Sports Centre Inc. (NLSC), I am pleased to submit this Annual Report for 2011/12 which has been prepared in compliance with the *Transparency and Accountability Act*. The NL Sports Centre is a Category 3 Government Entity.

In the development of this report, the Board has considered its mandate:

- a) to conduct overall management, maintenance and operation of the NL Sport Centre; and
- b) to provide a high quality facility that allows Newfoundland and Labrador Provincial Sports Organizations the opportunity to implement and develop programs through training and competition; and
- c) to provide a high performance program that promotes and supports increased physical conditioning, skill development and overall athlete development.

The NL Sports Centre's operations for 2011/12, as indicated in the report, have demonstrated good success in carrying out our mandate. The Sports Centre has also considered the Strategic Directions of Government, particularly that which states that supportive physical and social environments are created that facilitate opportunities for increased regular, lifelong participation in physical activity, active recreation and sport. In addition, the Board has considered the role of the NLSC in the Provincial Recreation and Sport Strategy, *Active, Healthy NL*.

My signature below is indicative of the Board's accountability for the preparation of this report and the achievement of its stated mandate.

Sincerely,



Pat Parfrey

Contents

MESSAGE FROM THE CHAIR.....	1
1. OVERVIEW	3
2. MANDATE	4
3. VALUES.....	4
SAFE.....	4
EXCELLENCE	4
ACCESSIBLE	4
4. VISION.....	4
5. LINES OF BUSINESS	5
5.1 OPERATION OF THE SPORTS CENTRE	5
5.2 ATHLETE DEVELOPMENT AND TRAINING	5
5.3 SPORT EVENT HOSTING	5
6. PRIMARY CLIENTS	5
7. SHARED COMMITMENTS.....	6
8. MISSION.....	6
9. HIGHLIGHTS AND ACCOMPLISHMENTS.....	7
10. REPORT ON PERFORMANCE 2011- 2012.....	7
OBJECTIVE:	8
MEASURE:	8
INDICATORS:	8
PERFORMANCE INDICATORS	8
DISCUSSION OF RESULTS	9
11. OPPORTUNITIES AND CHALLENGES AHEAD.....	9
12. AUDITED FINANCIAL STATEMENTS.....	10

1. Overview

The Department of Tourism, Culture and Recreation (TCR) operated and managed the Torbay Recreation Centre until it closed in April 2002. This Centre had been used as a training and competition venue for the Province's athletes and teams. Following this closure, a number of replacement options were explored and a partnership between the provincial and federal governments, the City of St. John's, and the Swilers Rugby Club/Sport NL was established to construct the NLSC.

The NLSC, a world-class, state-of-the-art athlete training facility, was officially opened in July 2008. It serves as a venue for athlete training and for hosting provincial, national and international competitions for the more than 70,000 athletes, coaches and administrators that make up Sport Newfoundland and Labrador. The Centre is operated as a Provincial Crown Corporation, and includes a multi-purpose indoor training facility and a high performance centre. The training facility, known as The PowerPlex, provides the province's elite athletes with access to a boxing/combat room, locker and shower rooms and a 2,944 square metre (or 32,000 square foot) gymnasium, which is large enough to have four basketball, seven volleyball or seven badminton courts playable at any one time. The high performance centre, known as the Dr. Noel Browne High Performance Centre, is an extension to the adjacent Swilers Rugby Club, and includes a multi-purpose meeting room, three offices, and a strength and conditioning room which is on an equal scale and of an equal quality to many of North America's professional sports teams' facilities.

During the 2011-14 planning cycle, the Board of Directors will support Government's strategic direction of Physical Activity, Active Recreation and Sport, as well as the provincial Recreation and Sport Strategy, *Active, Healthy Newfoundland and Labrador* (2007). The Board of Directors is composed of representatives drawn from a range of the sport and recreation community who have far-reaching experience in the field.

The board of the NLSC includes: Dr. Patrick Parfrey, OC (Chair); Jill Brewer (City of St. John's); Sandy Hickman (City of St. John's); Tom Godden (Sport NL); Sport NL (nomination in progress); Sean Gillespie (Swilers Rugby Club); Dr. Noel Browne (Swiler's Rugby Club); Andrew Battcock; Denise May; Dave Tibbo; Janine Woodrow; Andrew Bruce; and Mark Jones (Department of TCR).

For more information on the NLSC, please contact:

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2. Mandate

The mandate of the NLSC Board is:

- d) to manage, maintain and operate the Newfoundland and Labrador Sport Centre;
- e) to provide a high quality facility that allows Newfoundland and Labrador Provincial Sports Organizations the opportunity to implement and develop programs through training and competition; and
- f) to provide a high performance program that promotes and supports increased physical conditioning, skill development and overall athlete development.

* The mandate statement was changed from that of the Activity Plan 2011-14 to better reflect the actual mandate of the NLSC as per the Articles of Incorporation.

3. Values

In its operation, the NLSC maintains the following values:

Safe

- Each person at the NLSC will work to provide a safe environment in which the Provincial Sport Organizations are able to implement their programs.

Excellence

- Each person at the NLSC will work to encourage and promote excellence for provincial athletes.

Accessible

- Each person at the NLSC will work to ensure the facility is accessible to the citizens of Newfoundland and Labrador through the Provincial Sport Organizations, school groups, hosting of events, and for cardiac patients and the elderly.

4. Vision

The vision of the NLSC is to be a vehicle to facilitate the overall development of Provincial Sports Organizations, their programs and athletes, in every sport, at all ages, so that they realize their athletic potential through sport specific training, advanced sports performance training programs, scientifically designed to maximize human sports performance.

The Newfoundland Labrador Sports Centre will also satisfy the requirement to encourage, attract and host high- level sporting events that can showcase these potential increases in athletic performance.

5. Lines of Business

The three primary Lines of Business for the NLSC are as follows:

5.1 Operation of the Sports Centre

The NLSC operates seven days per week and as such, the daily operations of such a facility require a great deal of time and focus. This includes, among other activities, the management of human resource issues, maintenance of the centre, management of bookings, procurement of required items and the management of information technology needs.

5.2 Athlete Development and Training

The NLSC complex includes two buildings – a multi-purpose indoor training facility (the PowerPlex) and a high performance centre (Dr. Noel Browne High Performance Centre) – to enable athletes and teams to access training space and to help achieve new heights in their careers.

5.3 Sport Event Hosting

The NLSC complex serves as a venue to host provincial, national and international competitions for Sport Newfoundland and Labrador.

6. Primary Clients

The NLSC is overseen by a board and represents a partnership among two levels of Government (Provincial and Municipal), the Sports Community and the Private Sector. Because of this, the primary clients of the Centre are numerous, including:

- The Provincial Sport Organizations: Sport Newfoundland and Labrador, School Sport Newfoundland and Labrador, and Recreation Newfoundland and Labrador
- Government of Newfoundland and Labrador, specifically the Department of Tourism, Culture and Recreation
- The City of St. John's
- Newfoundland and Labrador elite athletes
- Newfoundland and Labrador schools
- Memorial University of Newfoundland and Labrador, particularly the School of Human Kinetics and Varsity Athletics
- Cardiac patients and the elderly for rehabilitation
- The public.

7. Shared Commitments

City of St. Johns

- The City of St. John's utilizes space at the NL Sports Centre at lunch time Monday to Friday to provide physical activity classes and inclusive sports games for employees.
- The City's program shares the Sports Centre's goal of increasing opportunities for enhanced participation by citizens engaged in developing and promoting physical activity, recreation and sport so that the province is a better place in which to live and work.

NL Cardiac Rehabilitation Association

- The NL Cardiac Rehabilitation Association operates a walking program at the NL Sports Centre that accommodates 70-80 recuperating cardiac surgery patients, 3 days per week.
- This allows the NLSC to provide the opportunity to the elderly to access quality recreation space to increase physical activity levels across all populations.

Allied Health Services, Memorial University

- Further to the development of the NL Sports Centre's High Performance Program, Allied Health assists and provides scientific testing of Canada Games and Provincial level athletes.
- This access to physiological testing equipment ensures athletes have all the necessary tools to measure and increase athletic performance in line the Sports Centre's High Performance Goals.

NL Rugby Union (NLRU)

- The NLRU in partnership with the NLSC operate an Active Kids Program as a function of the first stage of the Long Term Athlete Development Program which targets pre-school aged kids.
- Active Kids is a free program that operates year round and regularly attracts 60 to 100 children per session and furthers the opportunities for enhanced participation by developing and promoting physical activity for even our youngest citizens.

8. Mission

The mission of the Department of Tourism, Culture and Recreation is:

By 2017, the Department of Tourism, Culture and Recreation will have provided opportunities for enhanced participation by citizens engaged in developing and promoting tourism, arts, heritage and physical activity, recreation and sport so that the province is a better place in which to live, visit and work.

The NLSC contributes to this mission in the following ways:

- Through offering a high performance multi-sport training facility where administrators, coaches and athletes of all ages will have access to unparalleled expertise and a full range of comprehensive and integrated support services to supplement the use of high quality equipment, facilities and partnerships;
- By working toward producing athletes with strength, speed, power and discipline that are capable of putting these qualities into play in competitions at Regional, Atlantic National and International levels through the High Performance Program;
- By providing the Provincial Sports Organizations with not only a forum to train and increase athletic performance but also a venue to showcase their skills by hosting Sporting events at all levels where possible.

9. Highlights and Accomplishments

The NL Sports Centre currently operates a High Performance Sports Program that was the first of its kind in Atlantic Canada and served as a model for a similar program in Nova Scotia. The NL Sports Centre provides an opportunity for Canada Games Teams and Athletes to participate in a High Performance Program that contributes to increased opportunity for sporting success. Of the 19 competing Canada Games Teams for Sherbrooke 2013, 13 are currently undertaking strength and conditioning work, and accessing consultants in sports nutrition and sports psychology. It is anticipated the remaining six teams will be active in the High Performance Program well in advance of 12 months previous to Canada Games competition. To this end, Riley's Room in the Dr. Noel Browne High Performance Centre has maintained a high standard of human resources and specialized equipment in the field of sports performance. The goal is to prepare all athletes from Newfoundland and Labrador during the 24 month period in advance of each Canada Games to increase the opportunities for athletic and sporting success.

10. Report on Performance 2011- 2012

The NLSC is a world-class, state-of-the-art athlete training facility, whose construction was funded by three levels of government, the sports community and the private sector. An annual operating grant is provided by the Government of Newfoundland and Labrador through the Department of Tourism, Culture and Recreation. While this funding has provided the Centre with the ability to operate on a day-to-day basis, future requirements need to be incorporated into budget planning. The Centre is operating at high usage levels for the majority of the year and it is projected that the current equipment and infrastructure will begin to require replacement in the near future. In order to be prepared, the NLSC has determined that an equipment and infrastructure assessment should be conducted. NLSC's key for success is appropriately planning for future requirements within its fiscal resources. This planning is to be conducted while ensuring the day-to-day function of the centre, which includes the hosting of sporting events, is not compromised. Furthermore, as the Board is a relatively new entity, it is

required to institute policies and procedures, including the development of new policies as required.

This key issue is aligned with the Strategic Direction of Physical Activity, Active Recreation and Sport, and is also in line with Government’s Recreation and Sport Strategy, *Active, Healthy NL* (2007).

The NLSC will report on the following objective for the years 2011-12, 2012-13 and 2013-14.

Objective: By March 31, 2012, 2013, 2014 the NL Sports Centre will have supported the provision of a high-quality, state-of-the-art training facility for Newfoundlanders and Labradorians

Measure: Supported the provision of a high-quality, state-of-the-art training facility

Indicators:

- Hosted sports events at all levels
- Undertaken an equipment and infrastructure assessment to appropriately plan for future requirements
- Conducted a background review to determine policies required.

Performance Indicators

Planned for 2011-12	Actual Performance for 2011-12
Hosted events at all levels	<ul style="list-style-type: none"> • Events were hosted at the NLSC at all levels including: <ol style="list-style-type: none"> 1. Atlantics- Newfoundland and Labrador Gymnastics Association, Newfoundland and Labrador Basketball Association (NLBA) 2. Provincials – NLBA, Newfoundland and Labrador Volleyball Association (NLVA), Judo, Karate 3. Avalon Region – NLBA, NLVA, Ultimate Frisbee 4. High School events for NLVA, NLBA and Ultimate Frisbee • No national events were hosted in 2011-12 as events of that scale involve prior planning and commitment by the governing associations. It is confirmed that the NLSC will host several national events over the next two years including in basketball, gymnastics and darts. The high profile World Darts Federation (WDF) World Cup will also be hosted by the NLSC. 2013 will be the first time this event has been hosted in Canada since 1989 in Toronto.
Undertaken an equipment	<ul style="list-style-type: none"> • Initial equipment and infrastructure assessment and

Planned for 2011-12	Actual Performance for 2011-12
and infrastructure assessment to appropriately plan for future requirements.	planning included: <ol style="list-style-type: none"> 1. Purchase and installation of new sound absorption panels to increase acoustical quality and performance in facility 2. Re-lamp of full facility to ensure appropriate levels of light for safe play and meeting the criteria for sports competition. (1000+ lights) 3. Comprehensive review of NLSC Roof System undertaken to ensure opportunity for water penetration is minimized. A complete re-application of rubber seam coating is anticipated again by 2014-15.
Conducted a background review to determine policies required.	<ul style="list-style-type: none"> • A background review initiated when the Board met for the first time on Nov. 18, 2011, was completed by March 2012 and policy development was initiated • Committees were formed to develop Human Resource Policies and By-Laws.

Discussion of Results

As a result of successfully achieving the performance indicators this year, the Newfoundland and Labrador Sports Centre has met its objective of maintaining a high-quality, state-of-the-art training facility for Newfoundlanders and Labradorians. This is in line with the Government of Newfoundland and Labrador's, and the Department of Tourism, Culture and Recreation's mission to provide opportunities for enhanced participation by citizens engaged in developing and promoting physical activity, recreation and sport so that the province is a better place in which to live, visit and work.

11. Opportunities and Challenges Ahead

The Newfoundland and Labrador Sports Centre will continue to support the provision of a high-quality, state-of-the-art training facility for Newfoundlanders and Labradorians. Now in our fourth year of operation, the NLSC is open 104 hours per week, 52 weeks per year and hosts over 100,000 athlete visits per year, not including spectators. The challenges to meet our objective will increase due to high usage and age of the facility. NLSC's key for continued success is appropriately planning for future requirements and for the renewal and maintenance of equipment and building systems within its fiscal resources.

12. Audited Financial Statements

Please see attached.

**NEWFOUNDLAND AND LABRADOR
SPORTS CENTRE INC.**

Financial Statements

Year Ended March 31, 2012

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Index to Financial Statements

Year Ended March 31, 2012

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 7

INDEPENDENT AUDITOR'S REPORT

To the Directors of Newfoundland and Labrador Sports Centre Inc.

We have audited the accompanying financial statements of Newfoundland and Labrador Sports Centre Inc., which comprise the statement of financial position as at March 31, 2012 and the statements of revenues and expenditures, 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 generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Newfoundland and Labrador Sports Centre Inc. as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
St. John's, NL
June 20, 2012

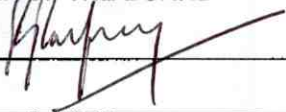
NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Statement of Financial Position

March 31, 2012

	2012	2011
ASSETS		
CURRENT		
Cash	\$ 77,057	\$ 159,989
Term deposits	302,888	-
Accounts receivable	8,008	333,341
Prepaid expenses	7,558	6,462
	395,511	499,792
CAPITAL ASSETS (Note 5)	6,981,431	7,273,112
	\$ 7,376,942	\$ 7,772,904
LIABILITIES		
CURRENT		
Accounts payable	\$ 31,261	\$ 63,756
Deferred contributions (Note 6)	277,375	396,987
	308,636	460,743
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	6,981,431	7,273,112
	7,290,067	7,733,855
NET ASSETS		
Unrestricted net assets	86,875	39,049
	\$ 7,376,942	\$ 7,772,904

ON BEHALF OF THE BOARD


 _____ Owner
 _____ Owner

See notes to financial statements

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Statement of Revenues and Expenditures****Year Ended March 31, 2012**

	2012	2011
REVENUE		
Government grants	\$ 536,000	\$ 381,000
Amortization of deferred capital contributions	291,681	291,681
Rental	119,863	109,516
Donation	27,787	15,513
Miscellaneous	2,156	1,722
Interest	3,817	-
	981,304	799,432
EXPENDITURES		
Advertising and promotion	205	406
Amortization	291,681	291,681
Insurance	4,690	4,674
Interest and bank charges	155	160
Memberships	200	518
Miscellaneous	5,407	417
Office	3,414	3,595
Online booking maintenance	1,533	1,506
Professional fees	3,618	3,519
Property taxes	2,505	982
Rental	-	1,172
Repairs and maintenance	92,655	44,103
Salaries and wages	307,703	311,273
Security	1,443	639
Supplies	94,931	24,774
Telephone	1,871	2,168
Training	1,964	757
Utilities	118,590	98,697
Vehicle	913	2,563
	933,478	793,604
EXCESS OF REVENUE OVER EXPENDITURES	\$ 47,826	\$ 5,828

See notes to financial statements

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Statement of Cash Flows****Year Ended March 31, 2012**

	2012	2011
OPERATING ACTIVITIES		
Cash receipts from government and customers	\$ 891,527	\$ 555,812
Cash paid to suppliers and employees	(675,233)	(458,374)
Interest received	3,817	-
Interest and bank charges paid	(155)	(160)
INCREASE IN CASH	219,956	97,278
Cash - beginning of year	159,989	62,711
CASH - END OF YEAR	\$ 379,945	\$ 159,989
CASH CONSISTS OF:		
Cash	\$ 77,057	\$ 159,989
Term deposits	302,888	-
	\$ 379,945	\$ 159,989

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2012

1. DESCRIPTION OF BUSINESS

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

Future changes in significant accounting policies

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective for the organization. The organization is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2013.

The Accounting Standards Board implemented Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations effective January 1, 2012. The organization will be assessing the impact of the new standards on its financial statements over the next year. Early adoption is permitted for the new standards.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

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

Revenue recognition

The organization follows the deferral method of accounting for contributions. 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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2012

3. FINANCIAL INSTRUMENTS

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.

Fair value

The organization's carrying value of cash, term deposits, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

4. CAPITAL MANAGEMENT

The organization's objective when managing capital is to ensure its ability to meet operating commitments as they become due. This is achieved primarily by continuously monitoring its actual and projected cash flows and making adjustments to capital as necessary.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Land	\$ 280,000	\$ -	\$ 280,000	\$ 280,000
Building	7,452,549	856,485	6,596,064	6,782,378
Equipment	526,835	421,468	105,367	210,734
	\$ 8,259,384	\$ 1,277,953	\$ 6,981,431	\$ 7,273,112

6. DEFERRED CONTRIBUTIONS

The deferred contributions represent funding received from the Government of Newfoundland and Labrador and benefactors for specific programs and expenses that are to occur in the 2013 fiscal year.

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions represent the unamortized value of the in-kind contribution of land, building and equipment to the Centre. In accordance with Canadian GAAP, the Centre has recognized the fair value of the assets contributed and is amortizing the contribution at the applicable rates that coincide with the donated assets.

The value of deferred contributions at March 31, 2012 is \$6,981,431 (2011 - \$7,273,112) (net of accumulated amortization of \$1,277,953 (2011 - \$986,272)).