

Newfoundland and Labrador Sports Centre

Annual Report

2012-2013

NL Sports Centre Annual Report

1. 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 2012/13 which has been prepared in compliance with the *Transparency and Accountability Act*. The NL Sports Centre is a Category 3 Government Entity.

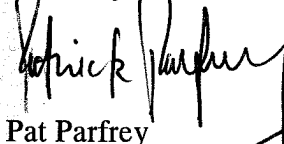
In the development of this report, the Board has considered its mandate:

- 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 2012/13, as indicated in the report, have demonstrated good success in carrying out our mandate. The Sports Centre continues to advance the Strategic Directions of Government, particularly that which states 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 results noted in this report and the achievement of its stated mandate and the advancement of necessary Strategic Directions.

Sincerely,



Pat Parfrey

Message from the Chair

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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 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 equal scale and of 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 made up 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); David Nofall (Sport NL); Sean Gillespie (Swilers Rugby Club); Dr. Noel Browne (Swiler's Rugby Club); Andrew Battcock (Gov't of NL); Denise May (Gov't of NL); Dave Tibbo (Gov't of NL); Janine Woodrow (Gov't of NL); Andrew Bruce (Gov't of NL); 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:

- a) to manage, maintain and operate the Newfoundland and Labrador Sport Centre;
- 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.

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 NL 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 the management of human resource issues, maintenance of the centre, managing bookings, procuring required items and the management of information technology needs, among others.

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. Mission

In light of the mandate of the NLSC, the Board reviewed the mission of the Department of Tourism, Culture and Recreation, that:

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 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.

8. Highlights and Accomplishments

- The NL Sports Centre currently operates a High Performance (HP) 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, 17 are currently undertaking Strength and Conditioning work, and accessing consultants in Sports Nutrition and Sports Psychology. Increased adherence to the NL Sports Centre's HP Program is expected to result in increased performance and higher placing's at the Canada Games. 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 for a 24 month period in advance of each Canada Games to increase the opportunities for athletic and sporting success. This demonstrates the Sports Centre's fulfillment of one of the 6 key directions as noted in the 2007 Recreation and Sport Strategy by reaching our athletic potential through enhanced excellence. The Canada Games HP Program also demonstrates the Sport and Recreation Strategic Direction of Government by supporting Sport and Athlete development as sighted in the NL Sports Centre's Activity Plan and support for regional and recreational sports as cited in the Work Plan.

The NL Sports Centre was also first sports facility in the Province to resurface and install the new FIBA court lines necessary to host national level competitions in the sport of Basketball.

9. Report on Performance 2012- 2013

The NLSC is Newfoundland and Labrador's preeminent sports and training facility for the development of amateur sport and athletes. An annual operating grant is provided by the Government of Newfoundland and Labrador through the Department of Tourism, Culture and Recreation to assist with day-to-day operations and consideration of future requirements that need to be incorporated. 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 assessments should be conducted regularly. The 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. The NL Sports Center Board has also undertaken the development and institution of new policies as required. It is important to note that The NL Sports Centre Board will be reporting on the same objective, measure and indicators in the 2013-14 Annual Report.

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 2012-13.

Objective: By March 31, 2013 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 2012-13	Actual Performance for 2012-13
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- Boccia NL, Gymnastics NL 2. Provincials – NLBA,NLVA, Judo, Karate 3. Avalon Region- NLBA, NLVA, Ultimate Frisbee 4. High School events for NLVA, NLBA and Ultimate 5. National and International Competitions booked in Summer 2013 for Darts, Volleyball and Basketball.
Undertaken an equipment and infrastructure assessment to appropriately plan for future requirements.	<ul style="list-style-type: none"> • Initial equipment and infrastructure assessment, planning and implementation included: <ol style="list-style-type: none"> 1. Complete floor re-surface and installation of new FIBA basketball lines necessary to host Nationals in basketball. 2. Completed assessment of HVAC systems and adjusted to better accommodate increased air quality and temperature control that result in lower energy costs and environmental awareness. 3. Purchased a Vertical Lift that ensures safe and regular maintenance of all ceiling suspended sports equipment and building systems that minimize program disruption and shut downs. 4. 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"> • Review completed with Policies and Bylaws adopted by NLSC Board. • Work continues for the further development and implementation HR Policies specific to NL Sports Centre operations.

Discussion of Results

As a result of successfully achieving the performance indicators this year, the NL 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 NL 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.

10. Opportunities and Challenges Ahead

NL 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 5th year of operation, the NL Sports Centre is open 104 hours per week, 52 weeks per year and hosts over 120 000+ athlete visits per year, not including spectators. The challenges to meet our objective will continue to increase due to high usage and age of the facility. It is imperative that the NL Sports Centre has the resources and continues to operate at current capacity as it is the primary vehicle for the delivery of many Provincial Sports Organization programs. To this end, operating funds must meet the requirements to ensure the renewal and maintenance of equipment and building systems is met.

11. Shared Commitments

Canadian Sports Centre Atlantic (CSCA)

- CSCA co-funds the position of Lead Strength and Conditioning Specialist at the NL Sports Centre with the Department of Tourism, Culture and Recreation, Gov't of NL.
- The NL Sports Centre's Lead Strength and Conditioning Specialist is responsible for the design and implementation of strength and conditioning programming that takes place with all Canada Games athletes as part of the Sports Centre's High Performance Program.
- The Lead Strength and Conditioning Specialist is the single most important factor in the success of the Canada Games HP Program.
- This partnership demonstrates the Sport and Recreation Strategic Direction of Government by supporting Sport and Athlete development as sighted in the NL Sports Centre's Activity Plan and support for regional and recreational sports as cited in the Work Plan.

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.
- This partnership supports the Strategic Direction of Government 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.

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.
- This partnership demonstrates the Sport and Recreation Strategic Direction of Government by increasing access and participation for under-represented groups such as disabled and elderly as cited in Work Plan.

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.
- This partnership demonstrates the Sport and Recreation Strategic Direction of Government by supporting Sport and Athlete development as sighted in the NL Sports Centre's Activity Plan.

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.
- This partnership demonstrate the Sport and Recreation Strategic Direction of Government by increasing access and participation for under-represented groups such as disabled, lower income and minorities as cited in Work Plan.

12. Audited Financial Statements – attached

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Please Sign and Return

**NEWFOUNDLAND AND LABRADOR
SPORTS CENTRE INC.**

**FINANCIAL STATEMENTS
MARCH 31, 2013**

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INDEPENDENT AUDITORS' REPORT

To the Members of Newfoundland and Labrador Sports Centre Inc.

We have audited the accompanying financial statements of Newfoundland and Labrador Sports Centre Inc., which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the years then ended March 31, 2013 and March 31, 2012, 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 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.

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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the year then ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.



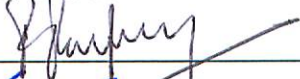

Chartered Accountants
St. John's, Newfoundland & Labrador
July 3, 2013

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Statement of Financial Position March 31, 2013

	March 31 2013	March 31 2012	April 1 2011
FINANCIAL ASSETS			
Cash	\$ 84,793	\$ 77,057	\$ 159,989
Temporary investments	307,618	302,888	-
Accounts receivable (Note 5)	26,139	8,008	335,736
	\$ 418,550	\$ 387,953	\$ 495,725
LIABILITIES			
Payables and accruals (Note 6)	\$ 30,237	\$ 31,261	\$ 63,756
Government remittances payable	3,777	-	2,395
Deferred contributions (Note 7)	275,069	277,375	396,987
	309,081	308,636	463,138
Net financial assets	109,467	79,317	32,587
NON-FINANCIAL ASSETS			
Capital assets (Note 8)	6,707,170	6,981,431	7,273,112
Prepaid expenses	6,527	7,558	6,462
	6,713,697	6,988,989	7,279,574
ACCUMULATED SURPLUS	\$ 6,823,164	\$ 7,068,306	\$ 7,312,161
Accumulated surplus comprised of:			
Unrestricted net assets	\$ 6,823,164	\$ 7,068,306	\$ 7,312,161

On Behalf of the Board:


 _____ Chairperson

 _____ Director

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Statement of Operations and Accumulated Surplus Year Ended March 31, 2013

	Budget 2013 (Unaudited)	2013	2012
REVENUES			
Amortization of deferred capital contributions	\$ 291,681	\$ -	\$ -
Government grants	658,000	459,000	536,000
Rental	121,000	162,023	119,863
Miscellaneous	1,500	2,012	2,156
Donation	500	23,273	27,787
Interest	-	4,730	3,817
	1,072,681	651,038	689,623
Expenditures			
Advertising and promotion	-	245	205
Amortization	291,681	296,036	291,681
Insurance	-	4,675	4,690
Interest and bank charges	-	152	155
Memberships	-	141	200
Miscellaneous	-	3,465	5,407
Office	-	10,115	3,414
Online booking maintenance	-	1,613	1,533
Professional fees	19,237	4,390	3,618
Property taxes	-	2,529	2,505
Rental	-	2,637	-
Repairs and maintenance	280,069	112,629	92,655
Salaries and wages	314,839	312,019	307,703
Security	-	2,067	1,443
Supplies	14,783	30,380	94,931
Telephone	4,588	1,557	1,871
Training	-	929	1,964
Utilities	147,302	110,085	118,591
Vehicles	-	516	913
	1,072,499	896,180	933,478
Annual surplus (deficit)	\$ 182	\$ (245,142)	\$ (243,855)
Accumulated surplus, beginning of year		\$7,068,306	\$7,312,161
Accumulated surplus, end of year		\$6,823,164	\$7,068,306

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Statement of Change in Net Financial Assets Year Ended March 31, 2013

	Budget 2013 (Unaudited)	2013	2012
Annual surplus (deficit)	\$ 182	\$ (245,142)	\$ (243,855)
Changes in tangible capital assets (Note 9)			
Acquisition of tangible capital assets	-	(21,775)	-
Amortization of tangible capital assets	-	296,036	291,681
	-	274,261	291,681
Changes in other non-financial assets			
Net acquisition of prepaid expenses	-	1,031	(1,096)
	-	1,031	(1,096)
Increase in net assets	182	30,150	46,730
Net financial assets, beginning of year	(6,902,114)	79,317	32,587
Net financial assets, end of year	\$ (6,901,932)	\$ 109,467	\$ 79,317

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.
Statement of Cash Flows
Year Ended March 31, 2013

	2013	2012
Operating transactions		
Cash receipts from government and customers	\$ 630,603	\$ 891,528
Cash paid to suppliers and employees	(596,210)	(675,234)
Interest received	-	3,817
Interest and bank charges paid	(152)	(155)
Cash provided by operating transactions	34,241	219,956
Capital transactions		
Purchase of capital assets	(21,775)	-
Cash used in capital transactions	(21,775)	-
Increase in cash during year	12,466	219,956
Cash position as at beginning of year	379,945	159,989
Cash position as at end of year	\$ 392,411	\$ 379,945
Cash consists of:		
Cash	\$ 84,793	\$ 77,057
Term deposits	307,618	302,888
	\$ 392,411	\$ 379,945

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to Financial Statements March 31, 2013

1. NATURE OF OPERATIONS

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. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2013 fiscal year, the organization has adopted Canadian public sector accounting ("CPSA") standards. These financial statements are the first financial statements for which the organization has applied CPSA standards. The change over became effective on April 1, 2012 with retroactive application to April 1, 2011.

The impact of the conversion to Canadian public sector accounting standards on the accumulated surplus at the beginning of the fiscal 2012 fiscal year, the date on transition, and the comparative annual surplus is presented in the Statement of Change in Accumulated Operating Surplus. These accounting changes have been applied retroactively with restatement of prior periods except for the accounting standards contained in PS 2601 and PS 3450 as these standards specifically prohibit retroactive application. The following changes have been implemented to comply with CPSA:

Changes to the April 1, 2011 statement of financial position

	Previous GAAP	Adjustment	Restated
FINANCIAL ASSETS			
Accounts receivable (i)	\$ 333,341	\$ 2,395	\$335,736
LIABILITIES			
Government remittances payable (i)	\$ -	\$ 2,395	\$ 2,395
Deferred capital contributions (ii)	\$7,273,112	\$(7,273,112)	\$ -

Changes to the March 31, 2012 statement of financial position

	Previous GAAP	Adjustment	Restated
LIABILITIES			
Deferred capital contributions (ii)	\$6,981,431	\$(6,981,431)	\$ -

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to Financial Statements March 31, 2013

2. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONT'D)

Changes to the March 31, 2012 statement of operations

Annual surplus, March 31, 2012 – Previous GAAP	\$ 47,826
Reversal of amortization of deferred capital contributions (ii)	(291,681)
Annual deficit, March 31, 2012 - CPSA	\$ (243,855)

- (i) Certain comparative figures have been reclassified to conform to the financial statement classifications adopted in 2013.
- (ii) Under previous GAAP, government transfers received and used for the purchase of capital assets were deferred and amortized to operations at the same rate the related assets were amortized. Under Section PS 3410, Government Transfers, funds received from the government and used for the purchase of capital assets are recognized as revenue when no stipulations exist and the related liability has been settled. As a result, the organization removed the balance of deferred capital contributions at the Transition Date in the amount of \$7,273,112 which resulted in a decrease in deferred capital contributions and a corresponding increase in the accumulated surplus.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

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.

b) Conversion to Public Sector Accounting Standards

Commencing with the 2013 fiscal year, the organization has adopted Canadian public sector accounting ("CPSA") standards as issued by the Public Sector Accounting Board. These financial statements are the first financial statements for which the Board has applied PSA standards.

Detailed information on the impact of the conversion to Canadian public sector accounting standards is provided in Note 2.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand that is readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to Financial Statements March 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Capital assets

Capital assets are recorded on the Statement of Financial Position at cost and are amortized as follows:

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

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 capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

e) 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.

f) Funds and reserves

Certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

g) 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.

h) Expenses

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

i) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to Financial Statements March 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) 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. 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.

4. 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, 2013.

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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

5. ACCOUNTS RECEIVABLE

	2013	2012
Revenues receivable	\$ 26,139	\$ 6,380
Harmonized sales tax receivable	-	1,628
	\$ 26,139	\$ 8,008

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Notes to Financial Statements March 31, 2013

6. PAYABLES AND ACCRUALS

	2013	2012
Accounts payable	\$ 4,513	\$ 22,397
Accrued liabilities	20,424	3,616
Accrued salary and benefits	5,300	5,248
	\$ 30,237	\$ 31,261

7. 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.

8. CAPITAL ASSETS

	2013			
	Land	Building	Equipment	Total
Cost				
Opening balance	\$280,000	\$7,452,549	\$526,835	\$8,259,384
Additions	-	-	21,775	21,775
Closing balance	280,000	7,452,549	548,610	8,281,159
Accumulated amortization				
Opening balance	-	856,485	421,468	1,277,953
Amortization	-	186,314	109,722	296,036
Closing balance	-	1,042,799	531,190	1,573,989
Net book value	\$280,000	\$ 6,409,750	\$ 17,420	\$ 6,707,170

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to Financial Statements March 31, 2013

8. CAPITAL ASSETS (CONT'D)

	2012			
	Land	Building	Equipment	Total
Cost				
Opening balance	\$280,000	\$7,452,549	\$526,835	\$8,259,384
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance	246,886	7,452,549	526,835	8,259,384
Accumulated amortization				
Opening balance	-	670,171	316,101	986,272
Amortization	-	186,314	105,367	291,681
Disposals	-	-	-	-
Closing balance	-	856,485	421,468	1,277,953
Net book value	\$280,000	\$6,596,064	\$105,367	\$6,981,431

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

10. BUDGET FIGURES

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