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# Newfoundland and Labrador Sports Centre

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Annual Report

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2016-2017

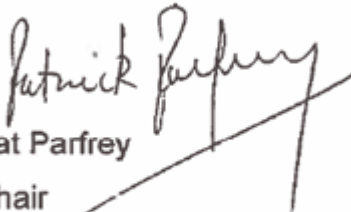
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## MESSAGE FROM THE CHAIR

As Chair of the board for the Newfoundland and Labrador Sports Centre (NLSC), I am pleased to present its annual report for the fiscal year 2016-17. The annual report has been prepared and is submitted in accordance with the obligation as a category three entity under the **Transparency and Accountability Act**. My signature below is indicative of the Board's accountability for the actual results reported within this document.

Sincerely,

A handwritten signature in cursive script that reads "Pat Parfrey". The signature is written in black ink and is positioned above the printed name and title.

Pat Parfrey  
Chair

# Entity Overview

The Newfoundland and Labrador Sports Centre (NLSC) is managed by a board of directors appointed by the Lieutenant-Governor in Council. The board of directors is presently composed of 7 members: chairperson, government representative and several board members, drawn from a range of the sport and recreation community who have far-reaching experience in the field.

The NLSC is a world-class, state of the art training facility, located in St. John's, which was officially opened in July 2008. Its 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 Children, Seniors and Social Development (CSSD). 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 (Sport NL). The Centre is operated as a Provincial Crown corporation, and includes two separate facilities on the same site – a multi-purpose indoor training facility and a high performance centre. The NLSC employed 19 staff in 2016-17; 4 full time permanent, 3 part time permanent and 12 part time temporary.

The indoor training facility, known as The PowerPlex, provides the province's 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 Powerplex was also expanded in 2016 to include a 70' x 70' artificial sports turf area, which has been named Benvon's Room.

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. The Dr. Noel Browne HP Centre was also expanded in 2016 to double the size of the strength and conditioning area known as Riley's Room from 2500 sq. ft. to 5000sq. ft.

The annual expenditure for the NLSC this past fiscal year was \$820,957.

<b>Expenditure Type</b>	<b>Total Amount</b>
Advertising and promotion	\$ -
Amortization	250,392
Insurance	5,581
Interest and bank charges	798
Memberships	202
Miscellaneous	2,471
Office	2,931
Online booking maintenance	1,978
Professional fees	5,474
Property taxes	2,420
Rental	-
Repairs and maintenance	80,988
Salaries and wages	342,064
Security	759
Supplies	24,527
Telephone	1,329
Training	349
Utilities	96,552
Vehicles	2,142
<b>Total</b>	<b>\$ 820,957</b>

(Please see Appendix 1: NLSC Financial Statements March 31, 2017).

At the end of this reporting period, March 31, 2017 the board consisted of the following members:

Chairperson	Dr. Patrick Parfrey, OC
Members	Tanya Haywood, City of St. John's Sandy Hickman, City of St. John's Tom Godden, Sport Newfoundland and Labrador Sean Gillespie, Swilers Rugby Club Dr. Noel Browne, Swilers Rugby Club Andrew Bruce, Community Representative

For more information on the NLSC, please contact:

Rod Snow, Facility Manager and High Performance Director

NL Sports Centre

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# Highlights and Partnerships

## Highlights:

The NLSC has three primary lines of business, which include the operation of the Sports Centre, athlete development and training and sport event hosting. In 2016-17, the Centre has had many successes and highlights within these lines of business, including:

- The completion of a \$2.4M expansion, which includes a 7500sq.ft artificial sports turf area known as Benvon's Room and an additional 2500sq. ft. of strength and conditioning space added to the Dr. Noel Browne High Performance Centre, to further address issues of capacity and in response to stakeholder feedback.
- The NLSC continues to accommodate 220,000+ user visits per year from a range of sports like athletics, basketball, rugby, soccer, volleyball, baseball, softball, ultimate, wrestling, karate, judo, jiu jitsu and football.
- With the additional new space in Riley's Room Strength and Conditioning, usage has increased at peak times from 40-50 athletes a day to 70-80. This means greater exposure for the provinces top athletes to not only higher quality training space but the highest quality strength and conditioning experts.
- The NLSC's Active Start Program, is an inclusive children's physical activity program offered at no cost for the broader community to participate in. In coordination with the NL Rugby Union, Active Start brings together individuals from all walks of life, in an effort to give our children "no cost" access to quality physical activity and physical literacy development opportunities.
- In an effort to encourage not for profit charities such as Easter Seals NL, Dr. H. Bliss Murphy Cancer Care Foundation, and the Heart and Stroke Foundation NL to deliver physical activity related fundraisers; the NLSC makes its facilities available at a not for profit rate which makes it feasible to run events in line with the NLSC's objectives.

## **Partnerships:**

The NLSC works with a number of groups to administer its programs, including:

### 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 activities for employees.
- The City's Employee Wellness 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.
- The NLSC's Active Start Program effectively demonstrates promotion of the Provincial Government's objective to increase access to recreation and sport for children and youth.
- The NLSC's Active Start program is a shared commitment with the City of St. John's. The City's goal is to encourage and help facilitate residents to lead healthy and active lifestyles by ensuring the availability of leisure programs and services that are inclusive and accessible. The NLSC's Active Start Program helps to meet this goal.

### NL Cardiac Rehabilitation Association

- The NL Cardiac Rehabilitation Association (NLCRA) operates a walking program at the NLSC that accommodates 100+ recuperating cardiac surgery patients, three days per week. This allows the NLSC to provide the opportunity for the NLCRA clients, who are between 65 years of age and older, to gain access to quality recreation space to increase physical activity levels.

### NL Rugby Union (NLRU)



- The NLRU in partnership with the NLSC operates an Active Start Program as a function of the first stage of the Long Term Athlete Development approach which targets the development of fundamental movement skills in pre-school aged kids.
- Active Start is a no cost program, offered two times per week that operates year round and regularly attracts 80 to 120 children per session. The program offers opportunities for enhanced participation by developing and promoting physical activity and physical literacy for young children.

#### Royal Newfoundland Constabulary (RNC) and Justice Department

- The RNC and various Justice Department organizations, utilized the NLSC as main facility for the training and recruitment.
- PARE testing recruits as well as basic cadet training from use of force training, to marching drills to graduation ceremony preparation is a significant piece of programming for NLSC at non-prime time hours.

#### Health Care Related Charitable Not for Profit Organizations

- Includes organizations such as Heart and Stroke Foundation NL, Easter Seals NL and the Dr. H. Bliss Murphy Cancer Care Foundation.
- The NLSC fosters and promotes a relationship with these healthcare related charitable organizations to run fundraising events and activities that are sport, recreation and physical activity related.

# Report on Performance

The NLSC 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. While equipment and infrastructure assessments are undertaken regularly, it will be necessary to continue upgrades and improvements based on requirements and stakeholder feedback. NLSC's key for success is appropriately planning for future requirements within its fiscal resources. This planning is conducted, to ensure the day-to-day function of the centre, including the hosting of sporting events, is not compromised.

The NLSC's High Performance Program (HP Program) endeavours to offer all Canada Games athletes access to sport specific strength and conditioning training under the supervision and direction of Certified Strength and Conditioning Specialists. The athletes have access to the Riley's Room Strength and Conditioning Area, the PowerPlex gymnasium, and the Combat Room at the NLSC for program delivery. The HP Program can also offer athletes access to specialized professionals in the areas of nutrition, psychology, and psychological testing, at no cost to the athletes. The NLSC's HP Program aims to establish an environment that provides Canada Games teams and athletes with the best opportunity for competitive success at the Games.

These key issues are aligned with the goals and objectives of the Department of CSSD. The following represents the NLSC board's activities in support of these directions for fiscal year 2016-17. Two objectives have been identified in NLSC 2014-17 Activity Plan and these are reported on herein.

The objective, measure and the indicators below was reported annually for the three years of the Activity Plan (2014-15, 2015-16 and 2016-17).

## Objective #1

By March 31, 2017, the NL Sports Centre will have supported the provision of a high-quality, state-of-the-art training facility for Newfoundlanders and Labradorians.

### Indicators and Activities

As of March 31, 2017, the NLSC had undertaken the following activities:

<b>Indicators - Planned for 2015-16</b>	<b>Actual Performance for 2016-17</b>
Hosted sports events at all levels	<p>In 2016-17, the NLSC has hosted sports events at all levels, as is demonstrated below:</p> <ul style="list-style-type: none"><li>• Events hosted at the NLSC at the provincial and regional levels included:<ol style="list-style-type: none"><li>1. Provincials – Newfoundland and Labrador Basketball Association (NLBA), Newfoundland and Labrador Volleyball Association (NLVA), Judo, Karate, Cheerleading</li><li>2. Avalon Region- NLBA, NLVA</li><li>3. High School events for NLVA, NLBA and Ultimate</li><li>4. Sport NL's Sportfest.</li><li>5. Hosted events for not for profit charities such as Easter Seals NL, Dr. H. Bliss Murphy Cancer Care Foundation, Heart and Stroke Foundation NL. All events were health and fitness based activities.</li></ol></li><li>• Events hosted at the NLSC at the National and regional levels included:<ol style="list-style-type: none"><li>1. City of St. John's National Child Day</li><li>2. Atlantic Championships Gymnastics</li><li>3. NLBA National Level Coaching Clinic</li><li>4. Eastern Canadian Volleyball Championships</li><li>5. Canada Wheelchair Basketball Training Event</li></ol></li></ul>

Indicators - Planned for 2015-16	Actual Performance for 2016-17
	<ul style="list-style-type: none"> <li>It is noted that events at a national and international level, for most Sports, are cyclical in nature and often sports have between 5-10 years between hosting opportunities. It's reasonable to have some years without hosting national or international competition.</li> </ul>
<p>Undertaken an equipment and infrastructure assessment to appropriately plan for future requirements</p>	<p>In 2016-17, the NLSC has continued undertaking equipment and infrastructure assessments to appropriately plan for future requirements, as demonstrated below:</p> <ul style="list-style-type: none"> <li>Completion of \$2.4M expansion. The NLSC operated at near 100% capacity at prime time with space and program requirements not meeting user needs. Increasing size and extending usable space through building expansion, accommodated the need for greater capacity, quality and variety of programming. Extensions completed were: <ol style="list-style-type: none"> <li>Dr. Noel Browne High Performance Centre Extension: Increased the size of Riley's Room in this facility to allow the Sports Centre's High Performance Program to increase capacity for Canada Games and National team athletes and further opportunities for sport specific, sport science based training for cardiovascular and energy system training. Area Increase 2500 Sq.Ft.</li> <li>PowerPlex Extension: Active Start and sports turf area: Created a 70' x 70' space with padded</li> </ol> </li> </ul>

Indicators - Planned for 2015-16	Actual Performance for 2016-17
	<p>walls and artificial turf floor to accommodate demand for appropriate space for NLSC's Active Start Program and provincial sport organizations that require access to indoor sport turf. Area Increase 7500 Sq. Ft.</p> <ul style="list-style-type: none"> <li>• Equipment and infrastructure assessment, planning and implementation included: <ol style="list-style-type: none"> <li>1. Completed review and replacement of lamps and ballasts to ensure lighting levels exceed standard for Provincial and National sporting events.</li> <li>2. NLSC also undertook a review of exterior parking areas and added additional painted and parking spots to increase accessibility for persons with a disability.</li> <li>3. Completed full review of main building metal roof system and applied first stage of a multiyear rubber roof coating on areas deemed to be highest concern for water penetration.</li> <li>4. Full review of HVAC System undertaken to determine schedule for upgrade or rebuild with minimal program disruption and cost. Work completed to diagnose and address issues with Air Conditioning system.</li> <li>5. The NLSC continually assesses, renews and upgrades equipment as necessary. In 2016-17, given the high levels of usage, equipment such as foam rollers, bands, med balls are continually</li> </ol> </li> </ul>

Indicators - Planned for 2015-16	Actual Performance for 2016-17
	<p>replaced in Riley's Room as needed and upgraded as new equipment enters market. Decisions to renew and upgrade are based on procedural and visual inspection, and all necessary replacements and upgrades were completed in 2016-17. In the Powerplex, assessment was undertaken on ceiling suspended basketball nets and curtains as well as bleacher systems.</p>
<p>Conducted a background review to determine policies required</p>	<p>The NLSC continually reviews policies and identifies gaps at user, staff and management levels to be brought forward for consideration by NLSC Board. The reviews in 2016-17 included:</p> <ol style="list-style-type: none"> <li>1. NLSC developed a Wellness Policy to be posted in public spaces to advise all user groups of the NLSC and its facilities of relevant health and wellness issues related to the use of the Sports Centre. The Wellness policy includes a commitment to offering healthy food and refreshment options through vending machines.</li> </ol> <p>Work continues for the further development and implementation policies specific to NLSC operations.</p>

**Objective #2**

By March 31, 2017 the NL Sports Centre will have provided programming support for the elite and High Performance athletes of Newfoundland and Labrador.

**Indicators and Activities**

As of March 31, 2017, the NLSC has undertaken the following activities:

Indicators - Planned for 2016-17	Actual Performance for 2016-17
Targeted Teams and Athletes active in High Performance Program	<p>In 2016-17, the NLSC targeted teams and athletes active in the High Performance Program for increased access to high performance services such as Strength and Conditioning, Sports Nutrition and Mental Training Specialists, as demonstrated below:</p> <ul style="list-style-type: none"> <li>• Targeting of Canada Games teams and athletes, which was determined by consultation with provincial sport organization and coaching staff in combination with an emphasis on placement and performance at most recent National Championships.</li> <li>• As part of the Canada Games High Performance Program for Winnipeg 2017, 5 sports were identified as Top 6 potential at the Canada Games. These sports were provided with additional supports as requested.</li> <li>• 12 of 18 potential teams participated in the CG HP Program and 9 of these teams had good compliance.</li> </ul>
Provision of a facility with necessary equipment and infrastructure for HP training.	<p>In 2016-17, the NLSC ensured the provision of a facility with the necessary equipment and infrastructure for HP training through the undertaking of the activities outlined below:</p> <ul style="list-style-type: none"> <li>• Completed construction of 2500 square foot expansion to the existing Riley's Room Strength and Conditioning Room in the Dr. Noel Browne HP Centre. This new space has doubled training capacity and increased quality training opportunities.</li> <li>• The NLSC continually renews and upgrades equipment for HP training as necessary. Given the high levels of usage, equipment such as foam</li> </ul>

Indicators - Planned for 2016-17	Actual Performance for 2016-17
	<p>rollers, bands, med balls, weighted vests and Total Body Resistance Exercise (TRX) systems are replaced as needed and upgraded as new equipment enters market. Decisions to renew and upgrade are based on procedural and visual inspection, and the necessary replacements and upgrades were completed in 2016-17.</p> <ul style="list-style-type: none"> <li>• Facilities and equipment were (and continue to be) at a high standard for HP Training.</li> <li>• Sports Centre staff ensured scheduling of use by teams is appropriate to spatial limitations of training facilities ensuring Riley's Room does not exceed 40 athletes at any given time.</li> </ul>
<p>Established linkages with HP Sport partners. (Canadian Sports Centre Atlantic and other Atlantic Provinces)</p>	<p>In 2016-17, the NLSC established linkages with HP Sport Partners:</p> <ul style="list-style-type: none"> <li>• Meetings were (and continue to be) held monthly with representatives from three other Atlantic provinces as it relates to sport science supports for Canada Games athletes and teams.</li> <li>• As with other Canadian Sport Centres across Canada - including Atlantic Canada - linkages have been developed with sport science service providers in areas such as sports nutrition, mental training and rehabilitation professionals (Physiotherapy, Massage and Chiropractor).</li> <li>• Strategic discussions are also ongoing on how to target sports and athletes to further enhance opportunities for success at National Level.</li> </ul>



In 2016-17, the NLSC has met the indicators outlined for both objectives and there are no variances to be reported.

In addition, it is noted that the NLSC has met its objectives and indicators in each of the three years of the activity plan 2014-17.

# Opportunities and Challenges

The NLSC faces a number of opportunities and challenges going forward.

## **Opportunities:**

NL Sports Centre will support the provision of a high-quality, state-of-the-art training facility for Newfoundlanders and Labradorians:

- Newfoundland and Labrador is scheduled to host the Canada Summer Games in 2025. This provides the NLSC with the potential to serve as a competition venue, providing a significant opportunity for alignment with high performance sport objectives of NLSC.
- The NLSC with the addition of the two new expansions in 2016-17, has an opportunity for further programming and new growth. These new spaces will provide an opportunity for increased capacity for programming and revenue. The HP Program, various provincial sport organizations and the Active Start Program will benefit from the extra space.

NL Sports Centre will provide programming support for the elite and High Performance athletes of Newfoundland and Labrador:

- With no major National events hosted in 2014, 2015 and 2016, the opportunity now exists for Provincial Sports Organizations to attract major competitions in next number of years as part of the normal cycles for hosting national events.
- In October 2015 the Government of NL committed to helping prepare athletes for national and international competition by responding to specific recommendations contained in Medals Matter, a task force report focused on enhanced performance of provincial athletes in Canada Games competition. The NLSC will continue to work with the Healthy Living, Sport and Recreation Division in the new Department of Children, Seniors and Social Development (as of August 2016) to support the implementation of the recommendations

## **Challenges:**

NL Sports Centre will support the provision of a high-quality, state-of-the-art training facility for Newfoundlanders and Labradorians:

- With the NLSC entering its tenth year of operation, the facility may be faced with challenges that arise, as it relates to aging infrastructure and equipment. NLSC management and staff need to conduct regular inspections to ensure building and programs can perform at a high level without interruption.
- The NLSC staff and board will need to effectively manage the operation of the NLSC, including repair and maintenance requirements to ensure that the NLSC operates within budget. Maintenance requirements, as the facility ages may create pressures on the annual operating costs which will have to be considered in long term budget forecasts as they relate to future annual operating grants. budget.

NL Sports Centre will provide programming support for the elite and High Performance athletes of Newfoundland and Labrador:

- Implementation of the Canada Games Task Force recommendations will be important. A timely implementation of the recommendations will positively impact athlete performance and other sport outcomes identified by the Canada Games Task Force. Even though the hosting of the Canada Games in Newfoundland and Labrador has been deferred to 2025, momentum with respect to the 2015 CG Task Force Report must be maintained.
- A commitment from provincial sport organizations to the Canada Games HP Program lacks full compliance; this jeopardizes the opportunity for HP Program to positively impact Canada Games athletes. Working to improve compliance and commitment of Canada Games teams with respect to the High Performance Program remains a major challenge, requiring continued effort by all partners.

# NOSEWORTHY CHAPMAN

chartered professional accountants

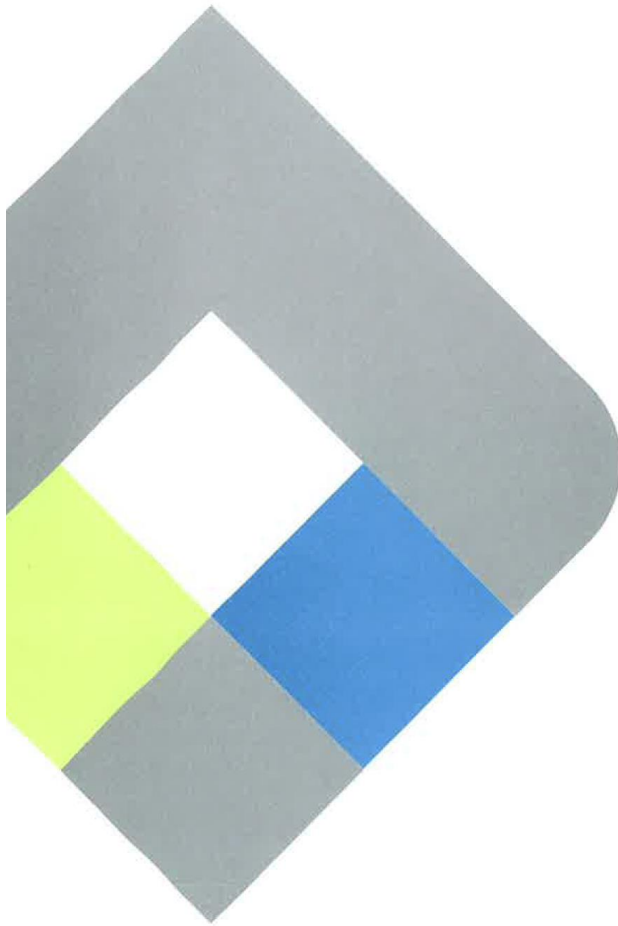
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**NEWFOUNDLAND AND LABRADOR  
SPORTS CENTRE INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**



An independent member of  **DFK**

# NOSEWORTHY CHAPMAN

chartered professional accountants

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## INDEPENDENT AUDITOR'S REPORT

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To the Board 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, 2017 and the statements of operations and accumulated surplus, change in net financial 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.

### **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 qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, Newfoundland and Labrador Sports Centre Inc. derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Newfoundland and Labrador Sports Centre Inc. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenditures, and cash flows from operations for the year ended March 31, 2017, current assets and net assets as at March 31, 2017.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Newfoundland and Labrador Sports Centre Inc. as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Noseworthy Chapman*

Chartered Professional Accountants  
St. John's, NL  
July 13, 2017

## NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

### Statement of Cash Flows Year Ended March 31, 2017

	2017	2016
<b>Operating transactions</b>		
Cash receipts from government and customers	\$ 1,301,736	\$ 687,490
Cash paid to suppliers and employees	(1,057,160)	(145,182)
Donations received	467,823	17,800
Interest received	6,467	4,720
Interest and bank charges paid	(798)	(150)
Cash provided by operating transactions	718,068	564,678
<b>Capital transactions</b>		
Purchase of capital assets	(1,801,715)	(402,036)
Cash used in capital transactions	(1,801,715)	(402,036)
<b>Financing transactions</b>		
Proceeds from promissory note	536,000	-
Cash provided by financing transactions	536,000	-
Increase (decrease) in cash during year	(547,647)	162,642
Cash position, beginning of year	806,601	643,959
Cash position, end of year	\$ 258,954	\$ 806,601
<b>Cash consists of:</b>		
Cash	\$ 158,606	\$ 233,668
Temporary investments	100,348	572,933
	\$ 258,954	\$ 806,601

## NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

### Statement of Operations and Accumulated Surplus Year Ended March 31, 2017

	Budget 2017 (Unaudited)	2017	2016
<b>REVENUES</b>			
Government grants	\$ 431,600	\$ 1,233,830	\$ 431,600
Donation	-	467,823	17,800
Rental	180,000	221,514	200,807
Interest	1,500	2,787	6,347
Miscellaneous	1,600	2,133	1,783
	614,700	1,928,087	658,337
<b>EXPENDITURES</b>			
Advertising and promotion	\$ 950	\$ -	\$ 504
Amortization	192,334	250,392	194,865
Insurance	6,000	5,581	5,542
Interest and bank charges	200	798	150
Memberships	200	202	194
Miscellaneous	3,000	2,471	2,862
Office	5,800	2,931	3,139
Online booking maintenance	2,300	1,978	2,162
Professional fees	6,300	5,474	4,809
Property taxes	2,400	2,420	2,303
Repairs and maintenance	100,050	80,988	50,659
Salaries and wages	349,000	342,064	335,361
Security	1,500	759	737
Supplies	119,800	24,527	19,619
Telephone	1,700	1,329	1,609
Training	1,500	349	1,090
Utilities	115,000	96,552	109,695
Vehicles	1,000	2,142	577
	909,034	820,957	735,877
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (294,334)	\$ 1,107,130	\$ (77,540)
Accumulated surplus, beginning of year		6,687,177	6,764,717
<b>Accumulated surplus, end of year</b>		<b>\$ 7,794,307</b>	<b>\$ 6,687,177</b>

## NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

### Statement of Changes in Net Financial Assets Year Ended March 31, 2017

	Budget 2017 (Unaudited)	2017	2016
Annual surplus (deficit)	\$ (294,334)	\$ 1,107,130	\$ (77,540)
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	-	(1,801,715)	(402,036)
Amortization of tangible capital assets	-	250,392	194,865
	-	(1,551,323)	(207,171)
<b>Change in other non-financial assets</b>			
Net acquisition of prepaid expenses	-	1,685	(1,712)
	-	1,685	(1,712)
<b>Decrease in net financial assets</b>			
	(294,334)	(442,508)	(286,423)
<b>Net financial assets (liabilities), beginning of year</b>	268,843	(17,580)	268,843
<b>Net financial assets (liabilities), end of year</b>	\$ 25,491	\$ (460,088)	\$ (17,580)



# NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

## Notes to the Financial Statements Year Ended March 31, 2017

### 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. 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 (CPSAS). 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.

#### Financial instruments

The organization's financial instruments recognized in the statement of financial position consist of cash, temporary investments, HST receivable, accounts receivable, payables and accruals and promissory notes 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. Transaction costs and any gains or losses arising from changes in fair value are recognized immediately in the statement of revenues and expenditures. 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, HST receivable, accounts receivable, payables and accruals and promissory notes payable approximates its fair value due to the immediate or short term maturity of these instruments

#### Temporary investments

Temporary investments consist of guaranteed investment certificates with maturities of less than a year.

#### 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.

## NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

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### Notes to the Financial Statements

March 31, 2017

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

##### 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.

##### 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.

##### 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.

## NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

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### Notes to the Financial Statements

March 31, 2017

#### 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, 2017.

##### 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. PAYABLES AND ACCRUALS

	2017	2016
Accounts payable	\$ 27,668	\$ 436,903
Accrued liabilities	15,260	4,750
	<b>\$ 42,928</b>	<b>\$ 441,653</b>

#### 5. 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.

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

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### **Notes to the Financial Statements March 31, 2017**

#### 6. PROMISSORY NOTES PAYABLE

- I. Promissory note payable to a private individual in the amount of \$300,000, bearing interest at 3.2% annually with monthly interest payments.
- II. Non-interest bearing promissory note payable to a private individual in the amount of \$236,000.

Payments will be applied first to the non-interest bearing promissory note and then to the interest bearing promissory note.

Principal repayment terms in respect of the promissory notes to a private individual are as noted below:

- Payment of the amount of funding received from the Government of Newfoundland and Labrador allocated solely for the extension to the Centre and the Benvon's Room.
- Payment of the HST rebate received on the extension to the Centre and the Benvon's Room.
- Annual payment of the income received from the rental of the Benvon's Room to a maximum of the Centre's Adjusted Annual Surplus (calculated as the annual surplus per the Statement of Operations and Accumulated Surpluses plus annual amortization expense)
- Additional principal payments at the discretion of the Board.

# Audited Financial Statements

## NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

### Notes to the Financial Statements March 31, 2017

#### 7. TANGIBLE CAPITAL ASSETS

					2017
	Land	Building under construction	Building	Equipment	Total
<b>Cost</b>					
Opening balance	\$ 280,000	\$ 402,036	\$ 7,620,407	\$ 548,610	\$ 8,851,053
Additions	-	-	1,801,715	-	1,801,715
Transfer	-	(402,036)	402,036	-	-
Closing balance	280,000	-	9,824,158	548,610	10,652,768
<b>Accumulated amortization</b>					
Opening balance	-	-	1,607,602	544,254	2,151,856
Amortization	-	-	246,036	4,356	250,392
Closing balance	-	-	1,853,638	548,610	2,402,248
Net book value	\$ 280,000	\$ -	\$ 7,970,520	\$ -	\$ 8,250,520
<b>2016</b>					
	Land	Building under construction	Building	Equipment	Total
<b>Cost</b>					
Opening balance	\$ 280,000	\$ -	\$ 7,620,407	\$ 548,610	\$ 8,449,017
Additions	-	402,036	-	-	402,036
Closing balance	280,000	402,036	7,620,407	548,610	8,851,053
<b>Accumulated amortization</b>					
Opening balance	-	-	1,417,092	539,899	1,956,991
Amortization	-	-	190,510	4,355	194,865
Closing balance	-	-	1,607,602	544,254	2,151,856
Net book value	\$ 280,000	\$ 402,036	\$ 6,012,805	\$ 4,356	\$ 6,699,197

#### 8. BUDGET FIGURES

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