

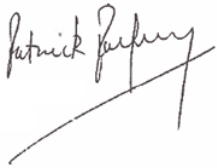
Newfoundland and Labrador Sports Centre

Annual Report 2020-21

Message from the Chair

As Chair of the Board for the Newfoundland and Labrador Sports Centre, I am pleased to present its annual report for the fiscal year 2020-21. 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 black ink, appearing to read "Patrick Parfrey". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Dr. Patrick Parfrey
Chair

Table of Contents

Entity Overview	1
Organizational Structure	1
Highlights and Partnerships	5
Highlights	5
Partnerships.....	6
Report on Performance	7
Objective 2020-21	7
2021-22 Objective and Indicators.....	8
Opportunities and Challenges	8
Financial Information	11

Entity Overview

Organizational Structure

The Newfoundland and Labrador Sports Centre (NLSC) is a high quality sports facility, located in St. John's, and 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 Tourism, Culture, Arts and Recreation (TCAR).

The NLSC is a Provincial Crown Corporation designated as a category 3 entity under the **Transparency and Accountability Act** for the 2020-23 planning cycle. The mandate of the NLSC Board, as described under the objects of the corporation, is:

- a) To manage, maintain and operate the Newfoundland and Labrador Sports 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.

The NLSC remains one of the largest indoor training facilities in Atlantic Canada and serves as the Province's primary venue for athlete training and development as well as the venue 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 NLSC includes two separate facilities on the same site:

1. The PowerPlex: an indoor training facility which provides athletes with access to a 2,944 square metre (32,000 square foot) gymnasium, which is large enough to have four basketball, seven volleyball or seven badminton courts playable at any one time. Additional areas include a combat room, locker and shower rooms. The

ANNUAL REPORT 2020-21

PowerPlex was expanded in 2016 to include a 70' x 70' artificial sports turf area, which has been named Benvon's Room.

2. The Dr. Noel Browne High Performance Centre: this facility is an extension to the adjacent Swilers Rugby Club. This area primarily includes a professional level strength and conditioning area, known as Riley's Room, on par with many of North America's professional sports teams' facilities. Riley's Room was expanded in 2016 to double the size of the strength and conditioning area from 2500 sq. ft. to 5000 sq. ft. The Dr. Noel Browne High Performance Centre also includes a multi-purpose meeting room and three offices.

The NLSC employed 10 staff in 2020-21; three full-time permanent, four part-time permanent and three part-time temporary. Of the 10 staff, two were female and eight were male.

The NLSC is managed by a board of directors appointed by the Lieutenant-Governor in Council. The board of directors is composed of 13 members: chairperson, six representatives appointed by Government and six board members, drawn from a range of the sport and recreation community and who have far-reaching experience in the field.

The annual expenditure for the NLSC fiscal year April 1, 2020 to March 31, 2021 was \$770,638.

Expenditure Type	Total Amount
Advertising and promotion	\$674.00
Amortization	\$250,889
Bad Debt	0
Insurance	\$3,879.72
Interest and bank charges	\$560.00

ANNUAL REPORT 2020-21

Memberships	\$359.28
Miscellaneous	\$2096.00
Office	\$2,524.00
Online booking maintenance	\$2,085.22
Professional fees	\$6,325.00
Property taxes	\$1,868.86
Interest on promissory notes	\$4,143.67
Repairs and maintenance	\$57,683
Salaries and wages	\$299,660.00
Security	\$871.66
Supplies	\$19710.00
Telephone	\$217.96
Training	\$880.00
Utilities	\$115,805.00
Vehicles	\$405.47
Total	\$770,638

(Please see Financial Information section: NLSC Audited Financial Statements March 31, 2021).

At the end of this reporting period, March 31, 2021, the Board consisted of the following members:

Chairperson	Dr. Patrick Parfrey, Order of Canada
Members	Tanya Haywood, City of St. John's
	Sandy Hickman, City of St. John's
	Tom Godden, Sport Newfoundland and Labrador
	Dennis Clarke, Swilers Rugby Club
	Dr. Noel Browne, Swilers Rugby Club
	Andrew Bruce, Community Representative
	Sheena McCrate, Community Representative

ANNUAL REPORT 2020-21

Winston Jenkins, Community Representative

Roger Head, Community Representative

Michelle Healey, Department of Tourism, Culture, Arts and
Recreation

Physical location:

Rod Snow, Executive Director and High Performance Director

NL Sports Centre

100 Crosbie Road

St. John's, NL, A1E 2X3

Email: rodsnow@gov.nl.ca

Telephone: 709-729-6580

Website: www.nlsportscentre.ca

Highlights and Partnerships

Highlights

The NLSC performed well in 2020-21 despite the COVID-19 pandemic. The pandemic forced the closure and cancellation of all NLSC facilities and programs from March to July 2020 as well as a second closure in February 2021 until the end of this reporting period. The NLSC and the broader sport community remained focused on a plan, to safely return to sport, consistent with Public Health Guidelines. A high level of coordination between Public Health, the Recreation and Sport Division of TCAR, the NLSC, Sport NL and Provincial Sport Organizations (PSO's) allowed for the smooth development of safe Return to Sport Plans in a timely manner.

New opportunities were created, due to the lack of sports and community programming space, which resulted in a high demand for space and facilities available at the NLSC.

Some examples include:

- The NLSC and Cygnus Gymnastics partnered to safely accommodate the first full day children's camp in Benvon's Room at the NLSC in summer of 2020.
- The NLSC and Parent Child Mother Goose Program (PCMGP) partnered for the first time to offer a free community-based program to families with babies and young children.

With the Province set to host the Canada Games in 2025, the NLSC worked with the City of St. John's 2025 Bid Committee to ensure the NLSC and its high quality facilities were considered as potential sport venues. The Bid Committee selected the NLSC as the host venue for the wrestling competition and the practice facility for basketball.

Partnerships

The NLSC works with various partners to provide programming that benefits both sport and the broader community. Some of the vital partnerships, developed since the NLSC's opening in 2008, were paused in 2020-21. However, new partnerships were also stimulated by the pandemic.

One of these partnerships was with the PCMGP, whereby the NLSC provided a free safe programming space. This national program, offered in St. John's since 1998, is a preventative, early intervention program that nurtures the attachment between parent and child through rhymes, songs and stories. It focuses on supporting parents and families, fostering secure attachment and the healthy social/emotional, physical, and cognitive/language development of the child. This Program is a free community-based program that is fully funded by the NL Department of Education, Early Learning and Child Development Division.

Various justice-related organizations utilize the NLSC as their main facility for training and recruitment including:

- Royal Newfoundland Constabulary (RNC)
- Canada Border Services Agency (CBSA)
- Department of Fisheries and Oceans (DFO)
- Department of Justice and Public Safety (JPS)

The NLSC and The Swilers Rugby Football Club are located on the same site and share access and facilities in the Dr. Noel Browne High Performance Centre. The NLSC and the Swilers share equipment, facilities and human resources to benefit both entities. This partnership includes outdoor maintenance and general upkeep of the grounds.

Report on Performance

In consideration of the mandate and financial resources of the NLSC, the Board intends to report on the strategic issue and objective below, through its annual reports, for each fiscal year of this plan (2020-21, 2021-22 and 2022-23).

The NLSC endeavors to facilitate sport development by providing safe, high quality sport programs and facilities and being a primary venue for provincial sports organizations for training, competition and athlete improvement.

Objective 2020-21

By March 31, 2021, the NLSC will have provided safe high-quality sport facilities and programs for Provincial Sports Organizations (PSO).

Indicator 1: Coordinated with PSOs and developed safe return to sport plans that follow Public Health Guidelines.

Public Health announced a return to indoor sport in Alert Level 2, which eventually occurred in July 2020. In preparation, the NLSC met with its primary PSO user groups in May 2020 to formulate Return to Sport Plans that would meet the requirements of Public Health. These plans were coordinated to address both safe NLSC facility operations and PSO programming considerations.

The NLSC then coordinated with the Recreation and Sport Division of TCAR and Public Health to review safe Return to Sport Plans that would be specific to operations in NLSC facilities and PSO programs. Specific plans were developed for the PowerPlex, Benvon's Room, Combat Room and Riley's Room.

The NLSC facility Return to Sport Plans were reviewed by Public Health and feedback was incorporated. PSOs were consulted to ensure all guidelines were met. The NLSC was able to open facilities to PSOs who had approved Return to Sport Plans and were in a position to restart programming.

Indicator 2: Hosted sporting activities for multiple PSOs.

As a result of Public Health Guidelines for travel and sports competition, the NLSC and PSOs were limited to skills and drills training and local competitions. All regional, provincial, Atlantic and national competitions were cancelled in the reporting period.

16 PSOs and their member clubs along with multiple non-PSO registered Clubs and Organizations accessed the NLSC facilities in the reporting period.

2021-22 Objective and Indicators

By March 31, 2022, the NLSC will have provided safe high-quality sport facilities and programs for Provincial Sports Organizations (PSO).

Indicator 1: Coordinated with PSOs and developed safe return to sport plans that follow Public Health Guidelines.

Indicator 2: Hosted sporting activities for multiple PSOs.

Opportunities and Challenges

The NLSC faces a number of opportunities and challenges in meeting the mandate of the organization.

Opportunities:

1. Meeting Programming and Competition Demands: Return to sport programming and competition after shutdown due to the COVID-19 Pandemic and Public Health restrictions will likely mean high demand for programming space. The NLSC has to be proactive in positioning itself to accommodate programming and competition demands that adhere to Public Health guidelines.
2. More Training and Preparation: The pandemic has resulted in sport shutdowns nationally and internationally. With low case numbers in Newfoundland and

Labrador, the opportunity for our PSOs to take advantage of more training and preparation opportunities than our mainland counterparts is a major benefit.

3. **Emergency Sport Relief Funding:** This program provided the opportunity to secure funds necessary to offset lost revenues resulting from closure during the pandemic and permitted investment in specialized equipment required to meet Public Health requirements.
4. **Canada Games 2025:** With the Canada Games in St. John's in 2025, opportunities exist for further development and improvement in two areas:
 - **New and existing facilities and equipment:** The NLSC will ensure all Canada Games standards are met as we showcase the NLSC to the athletes and visitors to the province. Working closely with the provincial government and the City of St. John's Host Committee will ensure the NLSC capitalizes on all opportunities for improvement investments.
 - **Athletes and Sport Excellence:** The NLSC's Canada Games High Performance Program will ensure athletes and teams preparing for the 2025 Canada Games have access to necessary resources for success. The NLSC will work with the province's Sport Excellence Committee to ensure performance goals are met.

Challenges:

1. **COVID-19 Pandemic:** The pandemic has created much concern with respect to achieving safe sport programming and high participation levels. The NLSC must work with PSO partners to ensure facility access and programs meet Public Health Guidelines for a safe return to sport activities.
2. **Public Health Guidelines:** Providing practical and economical access for sports programming will be a challenge. Maximizing usage potential will consider spatial requirements, capacities, staffing levels, cleaning protocols and facility availabilities.
3. **Reduced Capacity:** Operating at a reduced capacity means less opportunity to have a positive impact on the greatest number of athletes.

4. No Competition: Absence of provincial, Atlantic and national competition left a void in athlete development. Travel restrictions made hosting sporting events unattainable for the NLSC. Efforts to produce meaningful competitions, inside unrestricted travel areas, were imperative to promote and further athlete development.

Financial Information

NEWFOUNDLAND AND LABRADOR
SPORTS CENTRE INC.

FINANCIAL STATEMENTS

MARCH 31, 2021

CONTENTS

	<u>Page</u>
Management's Report.....	1
Independent Auditors' Report	2 - 3
Statement of Financial Position.....	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13

MANAGEMENT'S REPORT

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

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


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

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

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

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

On behalf of the for Newfoundland and Labrador Sports Centre Inc.



Board Chair



Executive Director

NOSEWORTHY CHAPMAN

chartered professional accountants

A: Suite 201, 516 Topsail Rd / St. John's NL / A1E 2C5

T: 709.364.5600 **F:** 709.368.2146 **W:** noseworthychapman.ca



Page 2

INDEPENDENT AUDITORS' REPORT

To the Board of Newfoundland and Labrador Sports Centre Inc.

We have audited the financial statements of Newfoundland and Labrador Sports Centre Inc. (the Organization), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization 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 the Organization, therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets and net assets as at March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

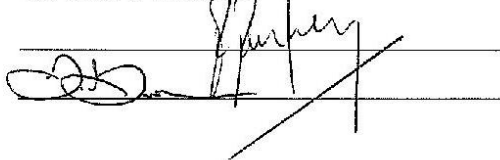
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Chartered Professional Accountants
St. John's, NL
June 4, 2021

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Statement of Financial Position
Year Ended March 31, 2021**

	2021	2020
FINANCIAL ASSETS		
Cash	\$ 196,699	\$ 282,091
Temporary investments	305,130	104,489
Accounts receivable	64,643	24,343
	566,472	410,923
LIABILITIES		
Payables and accruals (Note 4)	50,575	56,988
Deferred contributions (Note 5)	400,683	409,579
Government remittances payable	13,323	14,214
Promissory note payable (Note 6)	104,442	104,442
	569,023	585,223
Net financial liabilities	\$ (2,551)	\$ (174,300)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	\$ 7,306,478	\$ 7,533,633
Prepaid expenses	3,507	3,953
	7,309,985	7,537,586
ACCUMULATED SURPLUS	\$ 7,307,434	\$ 7,363,286
Accumulated surplus comprised of:		
Unrestricted net assets	\$ 7,307,434	\$ 7,363,286

On Behalf of the Board:



Chairperson

Director

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Statement of Operations and Accumulated Surplus
Year Ended March 31, 2021**

	Budget 2021 (Unaudited)	2021	2020
REVENUES			
Government grants	\$ 413,600	\$ 505,726	\$ 411,600
Rental	254,565	208,419	289,646
Donations	-	-	100
Interest	1,250	641	1,707
Miscellaneous	1,250	-	658
	670,665	714,786	703,711
EXPENDITURES			
Advertising and promotion	\$ 600	\$ 674	\$ 91
Amortization	246,142	250,889	246,143
Insurance	5,658	3,880	3,849
Interest and bank charges	175	560	973
Interest on promissory notes	7,000	4,144	5,939
Memberships	600	359	466
Miscellaneous	3,000	2,096	2,361
Office	3,000	2,524	880
Online booking maintenance	2,100	2,085	1,697
Professional fees	5,800	6,325	5,913
Property taxes	2,500	1,869	2,219
Repairs and maintenance	101,897	57,683	68,766
Salaries and wages	354,200	299,660	361,499
Security	900	872	1,235
Supplies	21,350	19,710	29,337
Telephone	1,290	218	1,024
Training	1,400	880	1,315
Utilities	132,399	115,805	124,042
Vehicles	2,000	405	3,328
	892,011	770,638	861,077
ANNUAL DEFICIT	\$ (221,346)	\$ (55,852)	\$ (157,366)
Accumulated surplus, beginning of year		7,363,286	7,520,652
Accumulated surplus, end of year		\$ 7,307,434	\$ 7,363,286

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Statement of Changes in Net Financial Assets
Year Ended March 31, 2021**

	Budget 2021 (Unaudited)	2021	2020
Annual deficit	\$ (221,346)	\$ (55,852)	\$ (157,366)
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(23,734)	-
Amortization of tangible capital assets	-	250,889	246,143
	-	227,155	246,143
Change in other non-financial assets			
Net acquisition of prepaid expenses	-	446	(410)
	-	446	(410)
Increase in net financial assets		171,749	88,367
Net financial liabilities, beginning of year		(174,300)	(262,667)
Net financial liabilities, end of year		\$ (2,551)	\$ (174,300)

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Statement of Cash Flows
Year Ended March 31, 2021**

	2021	2020
Operating transactions		
Cash receipts from government and customers	\$ 664,949	\$ 658,867
Cash paid to suppliers and employees	(521,903)	(606,506)
Donations received	-	100
Interest received	641	1,707
Interest and bank charges paid	(4,704)	(6,912)
Cash provided by operating transactions	138,983	47,257
Capital transactions		
Purchase of tangible capital assets	(23,734)	-
Cash used in capital transactions	(23,734)	-
Financing transactions		
Repayment of promissory note	-	(53,358)
Cash used in financing transactions	-	(53,358)
Increase (decrease) in cash during year	115,249	(6,101)
Cash position, beginning of year	386,580	392,681
Cash position, end of year	\$ 501,829	\$ 386,580
Cash consists of:		
Cash	\$ 196,699	\$ 282,091
Temporary investments	305,130	104,489
	\$ 501,829	\$ 386,580

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Notes to the Financial Statements
Year Ended March 31, 2021**

1. GENERAL AND COVID-19

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.

The recent outbreak of the Coronavirus Disease 2020, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the organization or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the organization's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the organization's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the organization's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Cash

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

Temporary investments

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

Tangible capital assets

Tangible 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

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

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Notes to the Financial Statements****March 31, 2021**

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.

Financial instruments

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

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

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

Revenues

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

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

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

Interest revenue is recognized on the accrual basis as earned.

Donation revenue is recognized when received.

Expenditures

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

Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities.

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

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Notes to the Financial Statements****March 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

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

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2021.

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

	2021	2020
Accounts payable	\$ 26,769	\$ 1,198
Accrued liabilities	23,806	55,790
	\$ 50,575	\$ 56,988

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 and the liability is settled.

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to the Financial Statements

March 31, 2021

6. PROMISSORY NOTE PAYABLE

Promissory note payable to a private individual in the amount of \$104,442 (2020 - \$104,442), bearing interest at prime plus 0.5% annually with monthly interest payments.

Principal repayment terms in respect of the promissory note 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.

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.**Notes to the Financial Statements
March 31, 2021**

7. TANGIBLE CAPITAL ASSETS

	2021			
	Land	Building	Equipment	Total
Cost				
Opening balance	\$ 280,000	\$ 9,845,698	\$ 548,610	\$ 10,674,308
Additions	-	-	23,734	-
Closing balance	280,000	9,845,698	572,344	10,698,042
Accumulated amortization				
Opening balance	-	2,592,065	548,610	3,140,675
Amortization	-	246,142	4,747	250,889
Closing balance	-	2,838,207	553,357	3,391,564
Net book value	\$ 280,000	\$ 7,007,491	\$ 18,987	\$ 7,306,478
	2020			
	Land	Building	Equipment	Total
Cost				
Opening balance	\$ 280,000	\$ 9,845,698	\$ 548,610	\$ 10,674,308
Additions	-	-	-	-
Closing balance	280,000	9,845,698	548,610	10,674,308
Accumulated amortization				
Opening balance	-	2,345,922	548,610	2,894,532
Amortization	-	246,143	-	246,143
Closing balance	-	2,592,065	548,610	3,140,675
Net book value	\$ 280,000	\$ 7,253,633	\$ -	\$ 7,533,633

NEWFOUNDLAND AND LABRADOR SPORTS CENTRE INC.

Notes to the Financial Statements

March 31, 2021

8. RELATED PARTY TRANSACTIONS

The organization received an annual operating grant from the Government of Newfoundland and Labrador in the amount of \$411,600 (2020 - \$411,600). The organization also received special purpose grants from the Government of Newfoundland and Labrador totaling \$122,354 of which \$28,228 is deferred.

9. BUDGET FIGURES

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

