
KELSEY RECREATION COMMISSION
FINANCIAL STATEMENTS

DECEMBER 31, 2013

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors
The Town of The Pas

We have audited the accompanying financial statements of Kelsey Recreation Commission, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and surplus 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 public sector accounting standards for government not-for-profit organizations, including the 4200 series of 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.

Auditors' 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 of 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 auditors' 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 Kelsey Recreation Commission as at December 31, 2013, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards.



CHARTERED ACCOUNTANTS

The Pas, Manitoba
October 15, 2014

KELSEY RECREATION COMMISSION

STATEMENT 1

STATEMENT OF FINANCIAL POSITION

DECEMBER 31

2013 2012

ASSETS

CURRENT

Cash	\$ 462,353	\$ 385,460
Accounts receivable	<u>74,023</u>	<u>36,643</u>
	\$ <u>536,376</u>	\$ <u>422,103</u>

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	\$ 213,984	\$ 226,141
Deferred revenue	<u>34,225</u>	<u>18,688</u>
	248,209	244,829

DUE TO TOWN OF THE PAS

<u>253,790</u>	<u>217,565</u>
<u>501,999</u>	<u>462,394</u>

NET ASSETS

SURPLUS (DEFICIT)

<u>34,377</u>	(<u>40,291</u>)
\$ <u>536,376</u>	\$ <u>422,103</u>

Approved on behalf of the Board:

.....
Director

.....
Director

KELSEY RECREATION COMMISSION

STATEMENT 2

STATEMENT OF OPERATIONS AND SURPLUS

YEAR ENDED DECEMBER 31

	2013	2012
REVENUE		
Grants		
Town of The Pas	\$ 893,186	\$ 740,172
Province of Manitoba	30,089	44,378
Rural Municipality of Kelsey	120,000	120,000
Government of Canada	19,628	10,358
Moffat Family Fund	37,500	39,500
Other	9,331	-
	<u>1,109,734</u>	<u>954,408</u>
Arena (Schedule 1)	129,772	99,590
Winton Pool (Schedule 2)	167,330	122,386
Programs	19,953	14,270
Special Events	885	2,815
Miscellaneous	18,356	20,718
Clinics	9,667	14,758
Ball parks	8,674	4,079
	<u>354,637</u>	<u>278,616</u>
	<u>1,464,371</u>	<u>1,233,024</u>
EXPENDITURES		
Administration (Schedule 3)	199,773	179,887
Arena (Schedule 4)	381,273	368,841
Winton Pool (Schedule 5)	577,608	485,052
Programs	42,118	48,085
Special events	8,040	2,579
Supplies and equipment	6,486	3,378
Clinics	2,673	1,306
Moffat Family Fund	37,500	39,500
Parks and playgrounds (Schedule 6)	134,232	175,762
	<u>1,389,703</u>	<u>1,304,390</u>
EXCESS OF EXPENDITURES OVER REVENUE	74,668	(71,366)
SURPLUS, beginning of year	(40,291)	31,075
SURPLUS (DEFICIT), end of year	\$ <u>34,377</u>	\$ (<u>40,291</u>)

KELSEY RECREATION COMMISSION

STATEMENT 3

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	2013	2012
CASH FLOWS FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from grants, users and other sources	\$ 1,442,528	\$ 1,281,651
Cash paid to suppliers and employees	<u>(1,401,860)</u>	<u>(1,189,722)</u>
	<u>40,668</u>	<u>91,929</u>
<i>FINANCING ACTIVITY</i>		
Advances from (to) Town of The Pas	<u>36,225</u>	<u>(146,854)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	76,893	(54,925)
CASH, <i>beginning of year</i>	<u>385,460</u>	<u>440,385</u>
CASH, <i>end of year</i>	\$ <u>462,353</u>	\$ <u>385,460</u>

CASH COMPRISED OF:

Cash	\$ <u>462,353</u>	\$ <u>385,460</u>
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KELSEY RECREATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Kelsey Recreation Commission (the Commission) have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board. ("PSAB for Government NPOs")

REVENUE RECOGNITION

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or become receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions received for the purchase of capital assets are credited against the acquisition cost of such assets.

Revenues other than contributions are recognized when they are earned.

CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services are recorded at fair value when fair value can be reasonably estimated and when the materials and services are normally purchased by the Commission and would be paid for if not donated.

USE OF ESTIMATES

The preparation of financial statements in accordance with PSAB for Government NPO's requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

FINANCIAL INSTRUMENTS

The financial instruments of the Commission consist of cash, accounts receivable, accounts payable and accrued liabilities and balances due to Town of The Pas. The Commission classifies its financial instruments as either fair value or amortized cost. The Commission's accounting policy for each category is as follows:

Fair Value

These financial instruments are initially measured at cost and are subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. Transaction costs are expensed as incurred.

When a decline in fair value occurs which is determined by the Commission to be other than of a temporary nature, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

KELSEY RECREATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Amortized Cost

Financial instruments in this category are initially measured at cost and are subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the carrying value of the financial instrument.

If an impairment loss is determined by the Commission and there is no realistic prospect of recovery the financial asset(s) are written down to net recoverable value with the writedown being recognized in the statement of operations.

2. RELATED PARTIES

The Commission is related to the Town of The Pas and its organizations. The Commission enters into transactions with these related parties in the normal course of business and these transactions are measured at the exchange amount.

The Commission operates in real property owned by the Town of The Pas and while the Commission maintains responsibility for most facility operating costs no base rent amount has been recorded in the financial statements.

Included in Accounts payable for 2013 is \$111,874 (2012 - \$82,504) due to The Town of The Pas. The amount is non interest bearing with no fixed terms of repayment.

3. FINANCIAL INSTRUMENT CLASSIFICATION

	2013	
	Fair Value	Amortized Cost
Cash	\$ 462,353	\$
Accounts receivable		74,023
Accounts payable		(213,984)
Due to Town of The Pas		(253,790)

The maximum credit risk exposure is equal to the carrying amount.

Fair Value Hierarchy

PS 3450 - Financial Instruments - requires the disclosure of a three-level hierarchy for the fair value measurements based upon the transparency of inputs to the valuation of financial instruments carried on the Statement of Financial Position at fair value.

The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data.

KELSEY RECREATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

3. FINANCIAL INSTRUMENT CLASSIFICATION *(continued)*

All financial instruments measured at fair value on the statement of financial position are Level 1. There were no transfers between levels for the years ended December 31, 2013 and 2012.

4. ECONOMIC DEPENDENCE

Kelsey Recreation Commission receives a significant portion of its revenue from government grants, operates in facilities owned by the Town of The Pas and is substantially financed by the Town of The Pas. In order for the Commission to remain a going concern adequate government support must be maintained and / or new sources of revenue obtained.

5. CAPITAL MANAGEMENT

The Commission's capital is comprised of amounts due to the Town of The Pas. The Commission's objective in managing capital is to maintain sufficient financial resources to cover the cost of its operations. The Commission manages its capital through creation, implementation and monitoring of an annual budget.

KELSEY RECREATION COMMISSION

SCHEDULE 1

SCHEDULE OF ARENA REVENUE

YEAR ENDED DECEMBER 31

	2013	2012
ARENA		
Advertising	\$ 7,454	\$ 6,895
Concessions	1,264	476
Curling club	1,003	
Gate admissions	624	1,825
Ice rental	96,093	76,234
Leases	6,363	6,345
Summer programs	6,439	2,984
Summer rentals	<u>10,532</u>	<u>4,831</u>
	<u>\$ 129,772</u>	<u>\$ 99,590</u>

SCHEDULE 2

SCHEDULE OF WINTON POOL REVENUE

YEAR ENDED DECEMBER 31

	2013	2012
WINTON POOL		
Gate admissions	\$ 24,083	\$ 21,449
Kelsey School Division	54,613	39,517
Other	2,657	
Other rentals	51,752	38,430
Pool passes	16,647	9,152
Programs	<u>17,578</u>	<u>13,838</u>
	<u>\$ 167,330</u>	<u>\$ 122,386</u>

KELSEY RECREATION COMMISSION

SCHEDULE 3

SCHEDULE OF ADMINISTRATION EXPENDITURES

YEAR ENDED DECEMBER 31

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ADMINISTRATION		
Office		
Advertising	\$ 9,025	\$ 7,317
Stationery supplies	1,575	5,738
Telephone	8,373	6,088
Other		
Bad debts	697	20,636
Equipment rentals	1,283	3,346
Hospitality	847	1,179
Other		3,742
Professional development	3,041	2,526
Professional fees	4,883	4,815
Vehicle allowance	143	
Salaries and benefits		
Director	48,142	42,341
Assistant director	32,634	29,419
Accounting clerk	50,165	46,965
Maintenance director	32,606	1,138
Special events coordinator	<u>6,359</u>	<u>4,637</u>
	<u>\$ 199,773</u>	<u>\$ 179,887</u>

KELSEY RECREATION COMMISSION

SCHEDULE 4

SCHEDULE OF ARENA EXPENDITURES

YEAR ENDED DECEMBER 31

	2013	2012
ARENA		
Cleaning		
Janitorial supplies	\$ 5,871	\$ 6,459
Ice machine		
Fuel and lubricants	94	662
Labour		417
Miscellaneous	8,689	(207)
Parts and outside repairs	1,686	2,303
Propane	1,277	1,631
Maintenance		
Equipment	7,509	2,742
Labour	35,290	9,936
Materials	14,950	14,628
Outside contracts	37,769	26,651
Other		
Insurance	27,424	32,732
Program supplies and equipment	(1,542)	1,792
Property taxes	3,977	
Staff training	600	
Uniforms	544	
Vending machine supplies	8,947	
Salaries and benefits		
Benefits	19,049	14,683
Cashier and ticket taker	491	1,566
Full time maintenance	84,649	113,388
Ice patrol	640	657
Maintenance labour	15,733	9,774
Maintenance director		10,013
Utilities		
Electricity	37,357	44,471
Propane	64,153	67,197
Telephone	1,101	1,002
Water	5,015	6,344
	<u>\$ 381,273</u>	<u>\$ 368,841</u>

KELSEY RECREATION COMMISSION

SCHEDULE 5

SCHEDULE OF WINTON POOL EXPENDITURES

YEAR ENDED DECEMBER 31

	2013	2012
WINTON POOL		
Cleaning		
Janitorial supplies	\$ 8,740	\$ 4,927
Maintenance		
Chemicals	20,970	14,109
Equipment	4,410	5,220
Labour	48,234	21,317
Materials	11,702	12,758
Outside contracts	8,813	6,035
Other		
Award fees	500	581
Insurance	1,514	1,806
Program supplies	5,810	6,689
Property taxes	1,998	
Staff training	7,484	6,881
Salaries and benefits		
Aquatic supervisor	55,753	50,161
Benefits	6,561	(1,784)
Cashiers and custodians	88,681	77,699
Instructors	123,952	103,862
Lifeguards	65,914	57,529
Maintenance director		6,046
Maintenance labourer	37,062	38,833
Utilities		
Electricity	25,185	19,539
Heat	48,000	48,000
Telephone	1,284	1,156
Water	5,041	3,688
	<u>\$ 577,608</u>	<u>\$ 485,052</u>

KELSEY RECREATION COMMISSION

SCHEDULE 6

SCHEDULE OF PARKS AND PLAYGROUNDS EXPENDITURES

YEAR ENDED DECEMBER 31

	2013	2012
PARKS AND PLAYGROUNDS		
Maintenance		
Equipment	\$ 12,357	\$ 7,513
Fish shack	1,577	1,582
Labour	23,460	15,473
Materials	14,233	17,415
Outside contracts	455	93
Tools	1,554	924
Salaries and benefits		
Benefits	(5,312)	19,115
Full time maintenance	19,647	52,648
Maintenance director		11,274
Maintenance labourer	1,788	
Summer grounds keeper	64,473	17,703
Term centennial workers	<u>-</u>	<u>32,022</u>
	\$ <u>134,232</u>	\$ <u>175,762</u>