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KELSEY RECREATION COMMISSION  
FINANCIAL STATEMENTS

DECEMBER 31, 2014

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**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, 2014, 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, 2014, 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.

*Collins Barrow HMA LLP*  
Chartered Professional Accountants

The Pas, Manitoba  
May 9, 2016

# KELSEY RECREATION COMMISSION

STATEMENT 1

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31

2014

2013

### ASSETS

#### CURRENT

Cash	\$ 589,112	\$ 462,353
Accounts receivable (Note 2)	<u>102,641</u>	<u>74,023</u>
	<u>\$ 691,753</u>	<u>\$ 536,376</u>

### LIABILITIES

#### CURRENT

Accounts payable and accrued liabilities	\$ 229,563	\$ 213,984
Deferred revenue	<u>32,852</u>	<u>34,225</u>
	262,415	248,209

#### DUE TO TOWN OF THE PAS

<u>389,391</u>	<u>253,790</u>
<u>651,806</u>	<u>501,999</u>

### NET ASSETS

#### SURPLUS

<u>39,947</u>	<u>34,377</u>
<u>\$ 691,753</u>	<u>\$ 536,376</u>

Approved on behalf of the Board:

Director

Director

# KELSEY RECREATION COMMISSION

STATEMENT 2

## STATEMENT OF OPERATIONS AND SURPLUS

YEAR ENDED DECEMBER 31

	2014	2013
REVENUE		
Grants		
Town of The Pas	\$ 917,646	\$ 893,186
Province of Manitoba	44,506	30,089
Rural Municipality of Kelsey	123,600	120,000
Government of Canada	36,918	19,628
Moffat Family Fund	36,250	37,500
Other	19,206	9,331
	<u>1,178,126</u>	<u>1,109,734</u>
Arena (Schedule 1)	125,968	129,772
Winton Pool (Schedule 2)	156,914	167,330
Programs	24,845	19,953
Special Events	1,401	885
Miscellaneous	19,040	18,356
Clinics	9,498	9,667
Ball parks	2,444	8,674
	<u>340,110</u>	<u>354,637</u>
	<u>1,518,236</u>	<u>1,464,371</u>
EXPENDITURES		
Administration (Schedule 3)	214,363	199,773
Arena (Schedule 4)	437,682	381,273
Winton Pool (Schedule 5)	576,466	577,608
Programs	54,221	42,118
Special events	34,395	8,040
Supplies and equipment	834	6,486
Clinics	1,730	2,673
Moffat Family Fund	36,250	37,500
Parks and playgrounds (Schedule 6)	156,725	134,232
	<u>1,512,666</u>	<u>1,389,703</u>
EXCESS OF REVENUE OVER EXPENDITURES	5,570	74,668
SURPLUS (DEFICIT), beginning of year	<u>34,377</u>	( 40,291)
SURPLUS, end of year	<u>\$ 39,947</u>	<u>\$ 34,377</u>

# KELSEY RECREATION COMMISSION

STATEMENT 3

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

2014

2013

### CASH FLOWS FROM

#### OPERATING ACTIVITIES

Cash received from grants, users and other sources  
Cash paid to suppliers and employees

\$ 1,488,245	\$ 1,442,528
<u>(1,497,087)</u>	<u>(1,401,860)</u>
<u>( 8,842)</u>	<u>40,668</u>

#### FINANCING ACTIVITY

Advances from Town of The Pas

<u>135,601</u>	<u>36,225</u>
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NET INCREASE IN CASH DURING YEAR

126,759	76,893
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CASH, *beginning of year*

<u>462,353</u>	<u>385,460</u>
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CASH, *end of year*

<u>\$ 589,112</u>	<u>\$ 462,353</u>
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### CASH COMPRISED OF:

Cash

<u>\$ 589,112</u>	<u>\$ 462,353</u>
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# KELSEY RECREATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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### 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 NPOs 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, 2014

### 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. ACCOUNTS RECEIVABLE

	2 0 1 4	2 0 1 3
Trade	\$ 106,545	\$ 75,598
Retail sales tax	<u>-</u>	<u>75</u>
	106,545	75,673
Allowance for doubtful accounts	<u>( 3,904)</u>	<u>( 1,650)</u>
	<u>\$ 102,641</u>	<u>\$ 74,023</u>

### 3. 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 2014 is \$119,098 (2013 - \$111,874) due to the Town of The Pas. The amount is non interest bearing with no fixed terms of repayment.

### 4. FINANCIAL INSTRUMENT CLASSIFICATION

	2 0 1 4	
	Fair Value	Amortized Cost
Cash	\$ 589,112	\$
Accounts receivable		102,641
Accounts payable		( 229,563)
Due to Town of The Pas		( 389,391)

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.

# KELSEY RECREATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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### 4. FINANCIAL INSTRUMENT CLASSIFICATION *(continued)*

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.

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, 2014 and 2013.

### 5. 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.

### 6. 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

	2014	2013
ARENA		
Advertising	\$ 7,023	\$ 7,454
Concessions	4,427	1,264
Curling club		1,003
Gate admissions	1,564	624
Ice rental	91,336	96,093
Leases	8,641	6,363
Summer programs	4,791	6,439
Summer rentals	<u>8,186</u>	<u>10,532</u>
	\$ <u>125,968</u>	\$ <u>129,772</u>

SCHEDULE 2

## SCHEDULE OF WINTON POOL REVENUE

YEAR ENDED DECEMBER 31

	2014	2013
WINTON POOL		
Gate admissions	\$ 19,924	\$ 24,083
Kelsey School Division	52,719	54,613
Other		2,657
Other rentals	54,772	51,752
Pool passes	10,572	16,647
Programs	<u>18,927</u>	<u>17,578</u>
	\$ <u>156,914</u>	\$ <u>167,330</u>

# KELSEY RECREATION COMMISSION

SCHEDULE 3

## SCHEDULE OF ADMINISTRATION EXPENDITURES

YEAR ENDED DECEMBER 31

	2014	2013
ADMINISTRATION		
Office		
Advertising	\$ 8,168	\$ 9,025
Stationery supplies	3,394	1,575
Telephone	6,851	8,373
Other		
Bad debts	2,254	697
Equipment rentals	2,084	1,283
Bank charges	558	
Hospitality	324	847
Professional development	3,972	3,041
Professional fees	4,860	4,883
Vehicle allowance		143
Salaries and benefits		
Director	53,112	48,142
Assistant director	36,658	32,634
Accounting clerk	51,622	50,165
Maintenance director	33,955	32,606
Special events coordinator	6,551	6,359
	<u>\$ 214,363</u>	<u>\$ 199,773</u>

# KELSEY RECREATION COMMISSION

SCHEDULE 4

## SCHEDULE OF ARENA EXPENDITURES

YEAR ENDED DECEMBER 31

	2014	2013
ARENA		
Cleaning		
Janitorial supplies	\$ 6,185	\$ 5,871
Ice machine		
Fuel and lubricants	625	94
Miscellaneous	149	8,689
Parts and outside repairs	704	1,686
Propane	2,292	1,277
Maintenance		
Equipment	4,627	7,509
Fire alarm system	319	
Labour	3,812	35,290
Materials	10,296	14,950
Outside contracts	35,234	37,769
Other		
Insurance	38,185	27,424
Program supplies and equipment	4,313	( 1,542)
Property taxes	3,253	3,977
Staff training	8,998	600
Uniforms	1,093	544
Vending machine supplies	8,366	8,947
Workplace health and safety	868	
Salaries and benefits		
Maintenance wages	161,917	119,431
Other	1,621	1,131
Utilities		
Electricity	53,878	37,357
Propane	85,947	64,153
Telephone	1,013	1,101
Water	3,987	5,015
	<u>\$ 437,682</u>	<u>\$ 381,273</u>

# KELSEY RECREATION COMMISSION

SCHEDULE 5

## SCHEDULE OF WINTON POOL EXPENDITURES

YEAR ENDED DECEMBER 31

	2014	2013
WINTON POOL		
Cleaning		
Janitorial supplies	\$ 8,419	\$ 8,740
Maintenance		
Chemicals	22,733	20,970
Equipment	6,176	4,410
Labour	23,174	48,234
Materials	10,537	11,702
Outside contracts	10,579	8,813
Other		
Award fees	100	500
Insurance	2,078	1,514
Program supplies	8,231	5,810
Property taxes	1,623	1,998
Staff training	6,278	7,484
Workplace health and safety	145	
Salaries and benefits		
Aquatic supervisor	61,759	55,753
Cashiers and custodians	86,688	88,681
Instructors	120,145	130,513
Lifeguards	69,054	65,914
Maintenance labourer	55,905	37,062
Workers compensation	4,313	
Utilities		
Electricity	24,139	25,185
Heat	48,000	48,000
Telephone	1,895	1,284
Water	4,495	5,041
	<u>\$ 576,466</u>	<u>\$ 577,608</u>

# KELSEY RECREATION COMMISSION

SCHEDULE 6

## SCHEDULE OF PARKS AND PLAYGROUNDS EXPENDITURES

YEAR ENDED DECEMBER 31

	2014	2013
PARKS AND PLAYGROUNDS		
Maintenance		
Equipment	\$ 8,276	\$ 12,357
Fish shack	4,870	1,577
Labour		23,460
Materials	6,868	14,233
Outside contracts	1,310	455
Tools	533	1,554
Salaries and benefits		
Full time maintenance	67,204	19,647
Green team	25,162	
Maintenance labourer	413	1,788
Summer grounds keeper	<u>42,089</u>	<u>59,161</u>
	\$ <u>156,725</u>	\$ <u>134,232</u>