

**TRANSALTA TRI LEISURE CENTRE
INCORPORATED AS TRI-MUNICIPAL LEISURE
FACILITY CORPORATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Directors of the TransAlta Tri Leisure Centre

Opinion

We have audited the accompanying financial statements of the TransAlta Tri Leisure Centre (the Centre), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2018, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre 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 opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and our auditors' report thereon. The *Annual Report* is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

(continues)



Independent Auditors' Report to the Directors of the TransAlta Tri Leisure Centre (*continued*)

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies 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 Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Centre 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
March 14, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Directors of the TransAlta Tri Leisure Centre

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of the TransAlta Tri Leisure Centre administration.

The financial statements are prepared by the TransAlta Tri Leisure Centre administration, in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, the TransAlta Tri Leisure Centre administration maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Metrix Group LLP, Chartered Professional Accountants, appointed by the Board of Directors, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards.

Spruce Grove, Alberta
March 14, 2019



Lenny Richer
General Manager





Kathy Sadek
Finance Supervisor

TRANSALTA TRI LEISURE CENTRE
Statement of Financial Position
As At December 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash	\$ 1,399,796	\$ 644,393
Accounts receivable (Note 2)	143,701	58,728
Investments (Note 3)	<u>1,000,000</u>	<u>1,200,000</u>
	<u>2,543,497</u>	<u>1,903,121</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	397,858	487,778
Deferred revenue (Note 6)	1,115,274	599,738
Lease deposits	<u>10,824</u>	<u>10,824</u>
	<u>1,523,956</u>	<u>1,098,340</u>
NET FINANCIAL ASSETS	<u>1,019,541</u>	<u>804,781</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	28,581	21,052
Prepaid expenses and deposits	78,032	68,837
Tangible capital assets (Schedule I)	<u>2,485,450</u>	<u>1,777,911</u>
	<u>2,592,063</u>	<u>1,867,800</u>
ACCUMULATED SURPLUS (Schedule II)	<u>\$ 3,611,604</u>	<u>\$ 2,672,581</u>

ON BEHALF OF THE BOARD:


 _____ Director


 _____ Director

The accompanying notes are an integral part of these financial statements.

TRANSALTA TRI LEISURE CENTRE
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2018

	<u>2018</u> (Budget) (Note 11)	<u>2018</u> (Actual)	<u>2017</u> (Actual)
REVENUE			
Pass fees	\$ 2,983,048	\$ 3,013,778	\$ 2,927,276
Partnership contributions - operating (Note 7)	2,102,130	1,725,095	1,369,515
Program fees	1,139,534	1,205,229	1,147,374
Rental	1,220,216	1,185,404	1,235,247
Lease	325,751	324,692	304,014
Corporate sponsors and donations	321,100	312,338	286,727
Miscellaneous	108,200	170,989	109,564
Management services	105,000	120,000	105,000
Interest	30,000	50,941	25,804
Advertising	31,000	34,874	32,689
Commissions	23,000	25,221	26,403
Gain on disposal of tangible capital assets	-	-	25,000
	<u>8,388,979</u>	<u>8,168,561</u>	<u>7,594,613</u>
EXPENSES			
Maintenance	2,936,686	2,601,004	2,465,813
Administration	2,324,115	2,242,264	2,306,973
Aquatics	1,535,334	1,567,212	1,498,130
Fields, arena and events	510,077	689,173	659,877
Wellness	542,196	623,982	643,691
Children's programs	318,271	330,653	305,370
Stony Plain pool	222,300	258,228	226,480
	<u>8,388,979</u>	<u>8,312,516</u>	<u>8,106,334</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE	<u>-</u>	<u>(143,955)</u>	<u>(511,721)</u>
OTHER REVENUE			
Contributed tangible capital assets (Note 7)	-	906,555	-
Partnership contributions - capital (Note 7)	210,956	126,423	616,169
Government transfers - capital	-	50,000	80,000
	<u>210,956</u>	<u>1,082,978</u>	<u>696,169</u>
EXCESS OF REVENUE OVER EXPENSES	210,956	939,023	184,448
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,672,581</u>	<u>2,672,581</u>	<u>2,488,133</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 2,883,537</u>	<u>\$ 3,611,604</u>	<u>\$ 2,672,581</u>

TRANSALTA TRI LEISURE CENTRE
Statement of Change in Net Financial Assets
For The Year Ended December 31, 2018

	<u>2018</u> (Budget) (Note 11)	<u>2018</u> (Actual)	<u>2017</u> (Actual)
EXCESS OF REVENUE OVER EXPENSES	\$ 210,956	\$ 939,023	\$ 184,448
Acquisition of tangible capital assets	(210,956)	(176,423)	(681,118)
Contributed tangible capital assets	-	(906,555)	-
Amortization of tangible capital assets	-	375,439	387,931
Proceeds on disposal of tangible capital assets	-	-	25,000
(Gain) Loss on disposal of tangible capital assets	-	-	(25,000)
	-	<u>231,484</u>	<u>(108,739)</u>
Use (acquisition) of inventory for consumption	-	(7,529)	5,876
Use (acquisition) of prepaid expenses	-	(9,195)	6,029
	-	<u>(16,724)</u>	<u>11,905</u>
INCREASE (DECREASE) IN NET ASSETS	-	214,760	(96,834)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>804,781</u>	<u>804,781</u>	<u>901,615</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 804,781</u>	<u>\$ 1,019,541</u>	<u>\$ 804,781</u>

TRANSALTA TRI LEISURE CENTRE
Statement of Cash Flows
For The Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 939,023	\$ 184,448
Non-cash items included in excess of revenue over expenses:		
Contributed tangible capital assets	(906,555)	-
Amortization of tangible capital assets	375,439	387,931
(Gain) Loss on disposal of tangible capital assets	<u>-</u>	<u>(25,000)</u>
	<u>407,907</u>	<u>547,379</u>
Change in non-cash working capital balances related to operations:		
Accounts receivable	(84,973)	81,067
Inventory for consumption	(7,529)	5,877
Prepaid expenses and deposits	(9,195)	6,028
Lease deposits	-	(5,000)
Accounts payable and accrued liabilities	(89,920)	(162,633)
Deferred revenue	<u>515,536</u>	<u>121,383</u>
	<u>323,919</u>	<u>46,722</u>
	<u>731,826</u>	<u>594,101</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	-	25,000
Purchase of tangible capital assets	<u>(176,423)</u>	<u>(681,118)</u>
INVESTING ACTIVITIES		
Purchase of investments	(1,000,000)	(1,200,000)
Maturity of investments	<u>1,200,000</u>	<u>1,000,000</u>
	<u>200,000</u>	<u>(200,000)</u>
CHANGE IN CASH FOR THE YEAR	<u>755,403</u>	<u>(262,017)</u>
CASH, BEGINNING OF YEAR	<u>644,393</u>	<u>906,410</u>
CASH, END OF YEAR	<u>\$ 1,399,796</u>	<u>\$ 644,393</u>

TRANSALTA TRI LEISURE CENTRE
Schedule of Tangible Capital Assets
For The Year Ended December 31, 2018

	Land Improvements	Engineered Structures	Machinery and Equipment	2018	2017
COST:					
Balance, Beginning of Year	\$ 435,799	\$ 858,458	\$ 2,681,119	\$ 3,975,376	\$ 3,403,095
Additions	-	3,180	173,243	176,423	681,118
Disposals	-	-	(209,567)	(209,567)	(108,837)
Contributed tangible capital assets	-	906,555	-	906,555	-
Balance, End of Year	<u>435,799</u>	<u>1,768,193</u>	<u>2,644,795</u>	<u>4,848,787</u>	<u>3,975,376</u>
ACCUMULATED AMORTIZATION:					
Balance, Beginning of Year	100,955	388,625	1,707,885	2,197,465	1,918,371
Annual amortization	17,623	63,642	294,174	375,439	387,931
Disposals	-	-	(209,567)	(209,567)	(108,837)
Balance, End of Year	<u>118,578</u>	<u>452,267</u>	<u>1,792,492</u>	<u>2,363,337</u>	<u>2,197,465</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 317,221</u>	<u>\$ 1,315,926</u>	<u>\$ 852,303</u>	<u>\$ 2,485,450</u>	<u>\$ 1,777,911</u>

Included in Engineered Structures is \$909,735 of unfinished project costs where no amortization has been taken.

TRANSALTA TRI LEISURE CENTRE
Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2018

SCHEDULE II

	<u>Equity in Tangible Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
BALANCE, BEGINNING OF YEAR	\$ 1,777,911	\$ 802,092	\$ 92,578	\$ 2,672,581
Tangible capital asset purchases	176,423	-	(176,423)	-
Amortization of tangible capital assets	(375,439)	-	375,439	-
Contributed tangible capital assets	906,555	-	(906,555)	-
Interfund transfer	-	3,584	(3,584)	-
Excess of revenue over expenses	<u>-</u>	<u>-</u>	<u>939,023</u>	<u>939,023</u>
BALANCE, END OF YEAR	<u>\$ 2,485,450</u>	<u>\$ 805,676</u>	<u>\$ 320,478</u>	<u>\$ 3,611,604</u>

For The Year Ended December 31, 2017

	<u>Equity in Tangible Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
BALANCE, BEGINNING OF YEAR	\$ 1,484,724	\$ 722,368	\$ 281,041	\$ 2,488,133
Tangible capital asset purchases	681,118	-	(681,118)	-
Amortization of tangible capital assets	(387,931)	-	387,931	-
Interfund transfers	-	79,724	(79,724)	-
Excess of revenue over expenses	<u>-</u>	<u>-</u>	<u>184,448</u>	<u>184,448</u>
BALANCE, END OF YEAR	<u>\$ 1,777,911</u>	<u>\$ 802,092</u>	<u>\$ 92,578</u>	<u>\$ 2,672,581</u>

TRANSALTA TRI LEISURE CENTRE
Schedule of Operating Expenses by Object
For The Year Ended December 31, 2018

SCHEDULE III

	<u>2018</u> (Budget) (Note 11)	<u>2018</u> (Actual)	<u>2017</u> (Actual)
Salaries, wages and benefits	\$ 4,205,060	\$ 4,199,457	\$ 4,291,242
Utilities	982,000	1,051,133	1,009,639
Contracted services	1,105,230	1,000,818	884,525
Repairs and maintenance	1,064,007	606,702	502,731
Materials, goods and services	519,907	517,196	491,965
Amortization	-	375,439	387,931
Administrative services	322,975	323,959	298,275
Marketing and publications	135,500	148,236	193,083
Other	<u>54,300</u>	<u>89,576</u>	<u>46,943</u>
	<u>\$ 8,388,979</u>	<u>\$ 8,312,516</u>	<u>\$ 8,106,334</u>

SCHEDULE IV

TRANSALTA TRI LEISURE CENTRE
Consolidated Schedule of Segmented Disclosure
For The Year Ended December 31, 2018

	Administration	Maintenance	Aquatics	Fields, Arena, and Events	Wellness	Children's Programs	Stony Plain Pool	Unallocated	Total
REVENUE									
Pass fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,609	\$ 2,983,169	\$ 3,013,778
Partnership contributions - operating	-	-	-	-	-	-	-	1,725,095	1,725,095
Program fees	-	-	635,887	-	160,864	317,699	90,779	-	1,205,229
Rental	-	-	-	1,157,301	-	-	28,103	-	1,185,404
Lease	324,692	-	-	-	-	-	-	-	324,692
Corporate sponsors and donations	312,338	-	-	-	-	-	-	-	312,338
Management services	-	-	-	-	-	-	120,000	-	120,000
Other	277,470	-	-	-	-	-	4,555	-	282,025
	<u>914,500</u>	<u>-</u>	<u>635,887</u>	<u>1,157,301</u>	<u>160,864</u>	<u>317,699</u>	<u>274,046</u>	<u>4,708,264</u>	<u>8,168,561</u>
EXPENSES									
Salaries, wages and benefits	1,244,752	330,422	1,397,755	267,446	460,945	277,232	220,905	-	4,199,457
Utilities	-	1,051,133	-	-	-	-	-	-	1,051,133
Contracted services	315,883	583,760	-	10,457	48,107	42,611	-	-	1,000,818
Repairs and maintenance	-	408,957	73,775	113,444	10,526	-	-	-	606,702
Materials, goods and supplies	110,597	129,658	52,043	163,753	15,576	8,246	37,323	-	517,196
Amortization	46,948	86,105	24,380	133,150	84,856	-	-	-	375,439
Administrative services	323,959	-	-	-	-	-	-	-	323,959
Marketing and publications	148,236	-	-	-	-	-	-	-	148,236
Other	51,889	10,969	19,259	923	3,972	2,564	-	-	89,576
	<u>2,242,264</u>	<u>2,601,004</u>	<u>1,567,212</u>	<u>689,173</u>	<u>623,982</u>	<u>330,653</u>	<u>258,228</u>	<u>-</u>	<u>8,312,516</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$(1,327,764)</u>	<u>\$(2,601,004)</u>	<u>\$(931,325)</u>	<u>\$ 468,128</u>	<u>\$ (463,118)</u>	<u>\$ (12,954)</u>	<u>\$ 15,818</u>	<u>\$ 4,708,264</u>	<u>\$ (143,955)</u>

The accompanying notes are an integral part of these financial statements.

TRANSALTA TRI LEISURE CENTRE
Consolidated Schedule of Segmented Disclosure
For The Year Ended December 31, 2017

	Administration	Maintenance	Aquatics	Fields, Arena, and Events	Wellness	Children's Programs	Stony Plain Pool	Unallocated	Total
REVENUE									
Pass fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,047	\$ 2,894,229	\$ 2,927,276
Partnership contributions - operating	-	-	-	-	-	-	-	1,369,515	1,369,515
Rental	-	-	-	1,207,714	-	-	27,533	-	1,235,247
Program fees	-	-	615,068	-	193,104	252,464	86,738	-	1,147,374
Lease	304,014	-	-	-	-	-	-	-	304,014
Corporate sponsors and donations	284,227	-	-	-	-	-	2,500	-	286,727
Management services	-	-	-	-	-	-	105,000	-	105,000
Other	194,461	-	-	25,000	-	-	-	-	219,461
	<u>782,702</u>	<u>-</u>	<u>615,068</u>	<u>1,232,714</u>	<u>193,104</u>	<u>252,464</u>	<u>254,818</u>	<u>4,263,744</u>	<u>7,594,614</u>
EXPENSES									
Salaries, wages and benefits	1,427,071	383,144	1,350,605	245,970	447,417	258,102	178,933	-	4,291,242
Utilities	-	1,009,639	-	-	-	-	-	-	1,009,639
Contracted services	207,809	557,691	-	5,761	73,575	39,689	-	-	884,525
Repairs and maintenance	-	312,071	73,168	106,294	11,198	-	-	-	502,731
Materials, goods and supplies	106,012	112,173	41,690	160,911	17,462	6,170	47,547	-	491,965
Amortization	43,164	90,454	24,380	140,786	89,147	-	-	-	387,931
Administrative services	298,275	-	-	-	-	-	-	-	298,275
Marketing and publications	193,083	-	-	-	-	-	-	-	193,083
Other	31,558	640	8,287	156	4,890	1,412	-	-	46,943
	<u>2,306,972</u>	<u>2,465,812</u>	<u>1,498,130</u>	<u>659,878</u>	<u>643,689</u>	<u>305,373</u>	<u>226,480</u>	<u>-</u>	<u>8,106,334</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$(1,524,270)</u>	<u>\$(2,465,812)</u>	<u>\$(883,062)</u>	<u>\$ 572,836</u>	<u>\$ (450,585)</u>	<u>\$ (52,909)</u>	<u>\$ 28,338</u>	<u>\$ 4,263,744</u>	<u>\$ (511,720)</u>

TRANSALTA TRI LEISURE CENTRE

Notes to Financial Statements

December 31, 2018

PURPOSE OF ORGANIZATION

The TransAlta Tri Leisure Centre (the "Centre") is a recreational leisure facility owned by the Town of Stony Plain, Parkland County and the City of Spruce Grove (the "Municipalities"). The Centre was incorporated on December 19, 2001 under the *Companies Act* (Alberta) as a not-for-profit Part IX corporation to operate and manage the facility and is exempt from taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of management prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, excluding PS 4200 - PS 4270 series of the standards, established by the Public Sector Accounting Board. Significant aspects of these accounting policies are as follows:

(a) Basis of Accounting

Revenues are accounted for in the period in which transactions or events occurred that gave rise to the revenues. Expenses are accounted for in the period the goods or services are acquired or a liability is incurred.

Funds from external parties restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Program pre-registration revenue for programs scheduled in the subsequent year are deferred until that program has commenced.

Partnership contributions and grants are recognized as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(b) Cash

Cash consists of cash on hand and bank balances.

(c) Investments

Investments consist of guaranteed investment certificates, recorded at amortized cost.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	20 to 30 years
Engineered structures	10 to 30 years
Machinery and equipment	3 to 25 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The Centre does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Works of art for display are not recorded as tangible capital assets but are disclosed.

TRANSALTA TRI LEISURE CENTRE
Notes to Financial Statements
December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Inventory Consumption

Inventories for consumption are valued at the lower of cost and net realizable value with cost determined by the first in, first out method.

(f) Accumulated Surplus

Accumulated surpluses are established at the discretion of the Board to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

Restricted surplus consists of funds restricted by the Board that have been restricted for the purpose of tangible capital asset acquisitions and major unexpected maintenance projects.

Equity in tangible capital assets consists of the net investment in total capital assets after deducting the portion financed by third parties.

(g) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(h) Measurement Uncertainty

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Centre has used estimates to determine recoverability of accounts receivable, amount of accrued liabilities, vacation payable, and the useful lives of tangible capital assets.

2. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Trade	\$ 136,542	\$ 53,389
Interest	<u>7,159</u>	<u>5,339</u>
	<u>\$ 143,701</u>	<u>\$ 58,728</u>

3. INVESTMENTS

	<u>2018</u>	<u>2017</u>
Guaranteed investment certificates	<u>\$ 1,000,000</u>	<u>\$ 1,200,000</u>

Guaranteed investment certificate bearing interest at 1.95% (2017 - 1.45%) and maturing on February 19, 2019.

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4. CREDIT FACILITY

The Centre has an unsecured demand revolving operating credit facility to a maximum of \$150,000 bearing interest at prime plus 1.00% per annum. The credit facility was not drawn upon as of December 31, 2018.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Salaries and vacation	\$ 228,989	\$ 225,789
Trade and other	159,453	248,684
Goods and Services Tax	<u>9,416</u>	<u>13,305</u>
	<u>\$ 397,858</u>	<u>\$ 487,778</u>

6. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been collected for services that will be provided in the future. These amounts are recognized as revenue when the services have been provided.

	<u>2017</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2018</u>
Partnership contributions	\$ 63,061	\$ 2,313,086	\$(1,851,518)	\$ 524,629
Pass and program fee pre-registration	357,240	4,278,525	(4,219,007)	416,758
Corporate sponsorships	138,464	297,337	(312,338)	123,463
Gift certificates	<u>40,973</u>	<u>37,721</u>	<u>(28,270)</u>	<u>50,424</u>
	<u>\$ 599,738</u>	<u>\$ 6,926,669</u>	<u>\$(6,411,133)</u>	<u>\$ 1,115,274</u>

7. PARTNERSHIP CONTRIBUTIONS

These financial statements include transactions with related parties. The Centre is related to the City of Spruce Grove, Parkland County and the Town of Stony Plain. Related parties also include key management personnel (KMP), and their close family members, of the Centre. Transactions with these entities and individuals are considered in the normal course of operations and are recorded at the exchange amount, which approximates fair value. During the year the City of Spruce Grove contributed an outdoor rink at a fair value of \$906,555. At year end no amounts were due from or to the Centre.

Contributions received from partner municipalities (local governments) are as follows:

	<u>2018</u>		<u>2017</u>	
	Operating	Capital	Operating	Capital
City of Spruce Grove	\$ 854,612	\$ 62,630	\$ 622,034	\$ 279,864
Parkland County	439,209	32,187	389,764	175,362
Town of Stony Plain	<u>431,274</u>	<u>31,606</u>	<u>357,717</u>	<u>160,943</u>
	<u>\$ 1,725,095</u>	<u>\$ 126,423</u>	<u>\$ 1,369,515</u>	<u>\$ 616,169</u>

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8. LOCAL AUTHORITIES PENSION PLAN

Employees of the Centre participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Centre is required to make current service contributions to LAPP of 10.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 14.84% for the excess. Employees of the Centre are required to make current service contributions of 9.39% of pensionable earnings up to the year's maximum pensionable earnings and 13.84% on pensionable earnings above this amount.

Total current and past service contributions made by the Centre to LAPP in 2018 were \$167,019 (2017 - \$212,065). Total current and past service contributions made by the employees of the Centre to the LAPP in 2018 were \$152,112 (2017 - \$194,900).

At December 31, 2017, LAPP disclosed an actuarial surplus of \$4.835 billion (2016 - \$637 million).

9. FINANCIAL INSTRUMENTS

The Centre's financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the Centre is not exposed to significant interest, currency, other price risk or liquidity risk arising from these financial instruments.

The Centre is subject to credit risk with respect to accounts receivables. Credit risk arises from the possibility that the Centre's customers or sponsors may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Centre's credit risk.

Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

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10. SEGMENTED INFORMATION

The Centre provides a wide range of services to its patrons. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and activities they encompass are as follows:

(a) Administration

The Administration department relates to the revenues and expenses that relate to the operations of the Centre itself and cannot be directly attributed to a specific segment. Revenue in this area consists of contributions from the partners, rental of meeting rooms, lease of space in the Centre, corporate sponsorship from the advertisements within the building, locker rentals, proshop sales, and other miscellaneous sources of income.

(b) Maintenance

The operations and maintenance department is responsible for the overall upkeep of the facility and to provide the utilities for the Centre. Expenses in this segment cannot be attributed to any of the other segments.

(c) Aquatics

The aquatics department includes activities in the pool such as swimming programs. The department must also provide staff in order to meet safety requirements and to run the programs.

(d) Fields, Arena and Events

The fields, arena and events department is responsible for the rentals of the indoor soccer fields, arenas, and all other events. They are also responsible for maintaining these areas for patron use.

(e) Wellness

The wellness department is responsible for running drop in and registered fitness programs. They are also responsible for staffing and maintaining the fitness equipment and weight rooms.

(f) Children's Programs

The children's programs department is responsible for child minding, birthday parties, camps for children hosted at the Centre, and other programs geared specifically to children.

(g) Stony Plain Pool

The Stony Plain pool includes activities in the pool such as swimming programs. The department must also provide staff in order to meet safety requirements and to run the programs.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment, except for pass revenue. Pass fees and partnership contributions cannot be reasonably allocated because they are generated by a wide range of activities. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see Schedule of Segmented Disclosure (Schedule IV and V).

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11. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The Centre compiles a budget on a modified accrual basis. The budget expensed all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess of revenue over expenses to align with the Centre's budgeting process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2018</u> Budget	<u>2018</u> Actual	<u>2017</u> Actual
Excess of Revenue over Expenses	\$ 210,956	\$ 939,023	\$ 184,448
Add:			
Amortization of tangible capital assets	-	375,439	387,931
Deduct:			
Contributed tangible capital assets	-	(906,855)	-
Acquisition of tangible capital assets	<u>(210,956)</u>	<u>(176,423)</u>	<u>(681,118)</u>
Results of Operations	<u>\$ -</u>	<u>\$ 231,184</u>	<u>\$ (108,739)</u>

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board.