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Financial Statements

Mariners Centre Management Authority

March 31, 2020

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Independent Auditor's Report

To the Board of Directors of the
Mariners Centre Management Authority

Qualified Opinion

We have audited the financial statements of Mariners Centre Management Authority (the "Authority"), which comprise the Operating Fund and Capital Fund statement of financial position as at March 31, 2020, and the statements of operations, changes in accumulated operating surplus, changes in net debt and cash flow 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 Mariners Centre Management Authority as at March 31, 2020, 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

The Authority does not combine the individual funds that it manages and it believes the readers have sufficient information from the individual statements. Consolidated financial statements would be required under Canadian Public Sector Accounting Standards. Consolidated financial statements would have resulted in a combined statement of financial position, which would present combined financial assets of \$78,134 (2019 - \$145,410), combined financial liabilities of \$202,785 (2019 - \$241,747), combined non-financial assets of \$6,555,622 (2019 - \$6,931,693) and a combined accumulated surplus of \$6,430,971 (2019 - \$6,835,356).

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 Authority 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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

Those charged with governance are responsible for overseeing the Authority'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 Authority'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 Authority'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 Authority 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.



Yarmouth, Canada
October 21, 2020

Chartered Professional Accountants

Mariners Centre Management Authority

Management's Responsibility for Financial Reporting

March 31, 2020

The accompanying financial statements of Mariners Centre Management Authority are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Mariners Centre Management Authority maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board of Directors meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

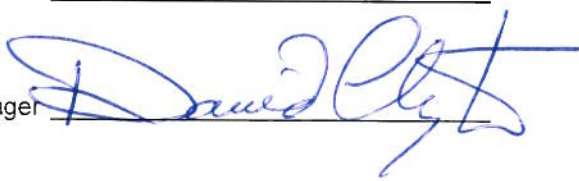
The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Mariners Centre Management Authority.

On behalf of Mariners Centre Management Authority:

Chairman



General Manager



Mariners Centre Management Authority
Operating Fund Statement of Operations and Changes in
Accumulated Surplus

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Ice rental	\$ 447,000	\$ 425,264	\$ 452,576
Services	208,200	207,342	117,384
Rentals and events	95,500	110,305	109,525
Food and beverages	204,000	199,625	217,442
Interest	1,200	1,568	1,365
Municipal contributions (Note 8)	<u>315,384</u>	<u>251,310</u>	<u>286,435</u>
	<u>1,271,284</u>	<u>1,195,414</u>	<u>1,184,727</u>
Expenditures			
Advertising	5,500	4,226	387
Bank and service charges	5,300	5,101	6,686
Food and beverage purchases	98,000	120,918	114,951
Fuel	120,950	120,328	128,796
Insurance	37,980	36,934	32,240
Lease	4,440	4,238	4,075
Office	20,500	21,913	15,807
Power	155,000	175,380	173,737
Professional fees	11,750	13,192	11,849
Repairs and maintenance	116,900	111,533	127,836
Salaries and employee benefits	479,100	469,830	474,245
Sundry	6,000	7,628	4,883
Telephone	9,780	9,281	9,146
Ticket and event costs	84,500	107,495	30,472
Training, meetings and travel	3,925	2,717	3,986
Water	<u>21,200</u>	<u>19,064</u>	<u>30,848</u>
	<u>1,180,825</u>	<u>1,229,778</u>	<u>1,169,944</u>
Annual surplus (deficit)	<u>\$ 90,459</u>	<u>(34,364)</u>	14,783
Accumulated deficit, beginning of year		<u>(26,312)</u>	<u>(41,095)</u>
Accumulated deficit, end of year		<u>\$ (60,676)</u>	<u>\$ (26,312)</u>

See accompanying notes to the financial statements

Mariners Centre Management Authority
Operating Fund Statement of Financial Position

March 31

2020

2019

Financial assets

Cash or cash equivalents	\$ 25,199	\$ 37,564
Accounts receivable (Note 3)	42,189	102,073
Inventory held for resale	6,122	5,773
Work in progress	4,624	-
Due from Capital Fund	<u>57,508</u>	<u>57,508</u>
	<u>135,642</u>	<u>202,918</u>

Financial liabilities

Payables and accruals	69,347	101,822
HST payable	12,952	11,589
Retirement benefits payable (Note 4)	55,794	48,567
Payable to Town of Yarmouth	9,263	18,499
Deferred revenue	<u>55,429</u>	<u>61,270</u>
	<u>202,785</u>	<u>241,747</u>

NET DEBT

(67,143) (38,829)

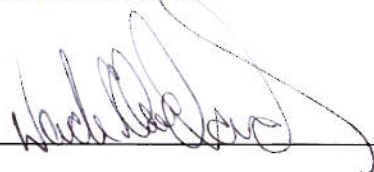
Non-financial assets

Prepaid expenses	<u>6,467</u>	<u>12,517</u>
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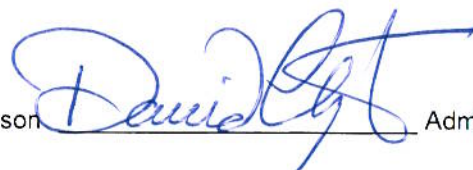
ACCUMULATED DEFICIT

\$ (60,676) \$ (26,312)

On Behalf of the Board



Chair Person



Administrator

See accompanying notes to the financial statements

Mariners Centre Management Authority
Operating Fund Statement of Change in Net Debt

March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus (deficit)	\$ 90,459	\$ (34,364)	\$ 14,783
Change in prepaid expenses	<u>-</u>	<u>6,050</u>	<u>13,753</u>
Decrease (increase) in net debt	<u>\$ 90,459</u>	<u>(28,314)</u>	28,536
NET DEBT, BEGINNING OF YEAR		<u>(38,829)</u>	<u>(67,365)</u>
NET DEBT, END OF YEAR		<u>\$ (67,143)</u>	<u>\$ (38,829)</u>

See accompanying notes to the financial statements

Mariners Centre Management Authority

Operating Fund Statement of Cash Flows

March 31

2020

2019

Decrease in cash and cash equivalents

Operating activities

Annual (deficit) surplus	\$ (34,364)	\$ 14,783
Changes in non-cash working capital		
Accounts receivable	59,884	(17,171)
Inventory held for resale	(349)	(1,157)
Work in progress	(4,624)	-
Payables and accruals	(32,475)	(191,984)
HST payable	1,363	16,694
Retirement benefits payable	7,227	4,400
Deferred revenue	(5,841)	59,274
	(9,179)	(115,161)

Capital activities

Change in prepaid expenses	6,050	13,753
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Financing activities

Repayment to Town of Yarmouth	(9,236)	(3,502)
Advances to Capital Fund	-	(1,445)
	(9,236)	(4,947)

Net decrease in cash and cash equivalents (12,365) (106,355)

Cash and cash equivalents

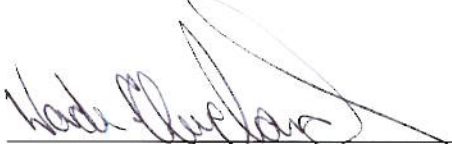
Beginning of year	37,564	143,919
End of year	\$ 25,199	\$ 37,564

See accompanying notes to the financial statements

Mariners Centre Management Authority
Capital Fund Statement of Financial Position

March 31	2020	2019
Assets		
Building	\$ 10,621,838	\$ 10,621,838
Equipment	<u>2,936,331</u>	<u>2,896,165</u>
	13,558,169	13,518,003
Less accumulated amortization	<u>(7,009,014)</u>	<u>(6,598,827)</u>
	<u>\$ 6,549,155</u>	<u>\$ 6,919,176</u>
Liabilities		
Due to Operating Fund	<u>\$ 57,508</u>	<u>\$ 57,508</u>
Equity		
Investment in capital assets	<u>6,491,647</u>	<u>6,861,668</u>
	<u>\$ 6,549,155</u>	<u>\$ 6,919,176</u>

On Behalf of the Board



Chair Person



Administrator

See accompanying notes to the financial statements

Mariners Centre Management Authority
Capital Fund Statement of Investment in Tangible Capital
Assets

Year Ended March 31	2020	2019
Balance, beginning of year	\$ 6,861,668	\$ 7,227,657
Grants		
Town of Yarmouth	15,104	33,000
Municipality of the District of Yarmouth	15,104	33,000
Municipality of the District of Argyle	11,954	33,000
Province of Nova Scotia	-	25,732
Gain on disposal of equipment	1,502	-
Amortization	<u>(413,685)</u>	<u>(490,721)</u>
Balance, end of year	<u>\$ 6,491,647</u>	<u>\$ 6,861,668</u>

See accompanying notes to the financial statements

Mariners Centre Management Authority

Notes to the Financial Statements

March 31, 2020

1. Nature of operations

The Town of Yarmouth and the Municipality of the District of Yarmouth (the owners) acquired the lands, buildings, structures, machinery and equipment of the Yarmouth County Agricultural Society. The land was used to develop the site for the Mariners Centre Facility which the Town of Yarmouth and the Municipality of the District of Yarmouth agreed to fund equally. The management and administration of the facility is carried out under the jurisdiction of the Mariners Centre Management Authority (the "Authority"). The cost of the property and equipment acquired in the purchase from the society is recorded in the accounts of the owners. Subsequent additions to property and equipment are recorded in the accounts of the Authority.

The Mariners Centre Management Authority was incorporated on April 1, 2014. The Authority is a Municipal owned corporation which operates as a multi-purpose and ice surface arena in Yarmouth, Nova Scotia.

2. Summary of significant accounting policies

The financial statements of the Authority are the representations of management prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants Canada. The Authority applies the Public Sector Accounting Handbook without the 4200 series.

Presentation

These financial statements differ from Canadian generally accepted accounting principles for Public Sector entities because combined financial statements have not been prepared.

Budget

The budget was approved by the Board of Director's on April 17, 2019.

Revenue recognition

Revenue from provincial or municipal units without eligibility criteria or stipulations is recognized as revenue by the Authority when the transfer is authorized. Revenue with eligibility criteria is recognized as revenue by the Authority when the transfer is authorized and all eligibility criteria have been met. Revenue with stipulations is recognized as revenue by the Authority when the transfer is authorized and all stipulations have been met.

Ice rentals, services and food and beverage sales are recognized as they are received. Rentals and events are recognized based on the term of the contract, as it is earned, and when collectability is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

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 of the tangible capital assets is amortized on a straight line basis over the estimated useful life as follows:

Buildings	40 years
Machinery and equipment	10 years

Mariners Centre Management Authority

Notes to the Financial Statements

March 31, 2020

2. Summary of significant accounting policies (continued)

Inventory

Inventory is valued at the lower of cost and net realizable value.

Use of estimates

In preparing the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Tangible capital assets	Useful lives
Retirement benefits payable	Accrued liability

3. Accounts receivable	<u>2020</u>	<u>2019</u>
Trade	\$ 42,189	\$ 89,755
Receivable from the Municipality of the District of Yarmouth	-	12,318
	<u>\$ 42,189</u>	<u>\$ 102,073</u>

4. Retirement benefits payable

Service Award Retirement Package - After 10 years of service, employees qualify for a retirement service package. The amount of the package is based upon 1 months' salary at the salary rate upon the date of retirement. Eligible employees also receive 3 days of salary for each year they work beyond their required 10 years of service. Additionally, employees accumulate sick day leave at the rate of 1.66 days per month to a maximum of 150 sick days. At retirement, employees are able to receive a cash equivalent of 50% of accumulated sick time at retirement.

5. Tangible capital assets

During the year, equipment was acquired at a cost of \$47,161 and equipment was disposed of at a cost of \$6,995.

Accumulated amortization as at March 31, 2020 related to buildings is \$4,649,597 (2019 - \$4,384,051) resulting in a net book value of \$5,972,240 (2019 - \$6,237,787). Amortization attributable to buildings is \$265,915.

Accumulated amortization as at March 31, 2020 related to equipment is \$2,359,417 (2019 - \$2,214,776) resulting in a net book value of \$576,914 (2019 - \$681,389). Amortization attributable to equipment is \$147,770.

Mariners Centre Management Authority

Notes to the Financial Statements

March 31, 2020

6. Budgeted amounts

The Mariners Centre Management Authority budgets for revenues and expenditures for cash flow purposes, which includes capital expenditures but does not include amortization expense. The following adjustments to annual surplus (deficit) reconcile the budgeted amount to financial reporting presentation in accordance with Canadian Public Sector Accounting Standards.

	<u>2020</u>	<u>2019</u>
Budgeted annual surplus per Authority	\$ 75	\$ -
Add capital expenditures	<u>90,384</u>	<u>-</u>
Budgeted annual surplus presented	90,459	-
Less amortization expense	<u>(413,685)</u>	<u>(490,721)</u>
Revised annual deficit	<u>\$ (323,226)</u>	<u>\$ (490,721)</u>

Amortization expense is recognized in the Capital Fund, thus, this does not affect the budget as disclosed in the Operating Fund on page 4.

7. Intermunicipal agreement

On April 1, 2014, the Municipality of the District of Argyle entered into a five year agreement with the Town of Yarmouth and the Municipality of the District of Yarmouth to fund part of the annual operating deficit of the Authority. In the absence of a new agreement, the partners have council motions to continue to fund the Authority until a new agreement can be reached.

8. Related party transactions

The Mariners Centre Management Authority is under joint control of the Town of Yarmouth and the Municipality of the District of Yarmouth. The Municipality of the District of Argyle shares in the funding of the Authority. The Authority received the following funding from each of these related parties:

	<u>Operating grants</u>	<u>Deficit funding</u>	<u>Municipal contributions</u>	<u>Capital grants</u>	<u>2020</u>	<u>2019</u>
Town of Yarmouth	\$ 75,000	\$ 8,770	\$ 83,770	\$ 15,104	\$ 98,874	\$ 125,699
Municipality of the District of Yarmouth	75,000	8,770	83,770	15,104	98,874	129,868
Municipality of the District of Argyle	<u>75,000</u>	<u>8,770</u>	<u>83,770</u>	<u>11,954</u>	<u>95,724</u>	<u>129,868</u>
	<u>\$225,000</u>	<u>\$ 26,310</u>	<u>\$251,310</u>	<u>\$ 42,162</u>	<u>\$ 293,472</u>	<u>\$ 385,435</u>

The Authority also had the following transactions with these related parties:

- \$5,000 paid to the Town of Yarmouth for accounting and bookkeeping services, recorded in office expense.
- \$19,064 paid to the Town of Yarmouth for water and sewer, recorded in water expense.

Mariners Centre Management Authority

Notes to the Financial Statements

March 31, 2020

9. Subsequent events

Since March 31, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Financial results of the Authority have been impacted by COVID-19, however, municipal grants have been provided to the Authority as required to fund operations during a period of shutdown between March and August 2020. During the period of shutdown, the Authority also took measures to reduce expenses by introducing temporary layoffs or work reductions to most employees. Any other controllable expenses were also reduced where possible to help mitigate the loss of revenues during this period. During this time the Authority continued to pay its liabilities and did not experience any significant collection issues on its receivables.

The Authority has determined that any events related to COVID-19 are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Authority for future periods.
