

SOUTH SHORE FIELDHOUSE SOCIETY

Financial Statements

Year Ended September 30, 2016

(Unaudited)

REVIEW ENGAGEMENT REPORT

To the Members of South Shore Fieldhouse Society

We have reviewed the statement of financial position of South Shore Fieldhouse Society as at September 30, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Belliveau Veinotte Inc.

Bridgewater, Nova Scotia
May 23, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Statement of Financial Position

September 30, 2016

(Unaudited)

	2016	2015
ASSETS		
Current		
Cash	\$ 3,220	\$ 1,916
Prepaid expenses	74	72
Inventory	-	4,883
HST recoverable	1,534	-
Current portion of long term contribution receivable	30,000	89,250
	34,828	96,121
Capital assets <i>(Note 5)</i>	2,365,731	2,463,509
Long term contributions receivable <i>(Note 4)</i>	-	25,000
	\$ 2,400,559	\$ 2,584,630
LIABILITIES		
Current		
Accounts payable	\$ 11,445	\$ 16,992
HST payable	-	2,682
Employee deductions payable	872	2,130
Deferred income	774	-
Current portion of long term debt <i>(Note 7)</i>	52,293	56,024
Due to directors, no interest bearing, no set terms of repayment	35,000	35,000
	100,384	112,828
Long term debt <i>(Note 7)</i>	417,019	469,007
Deferred contributions <i>(Note 6)</i>	2,057,267	2,160,416
	2,574,670	2,742,251
NET ASSETS	(174,111)	(157,621)
	\$ 2,400,559	\$ 2,584,630

ON BEHALF OF THE BOARD

Director_____
Director

See accompanying notes to the financial statements



Statement of Operations

Year Ended September 30, 2016

(Unaudited)

	2016	2015
FACILITY REVENUE		
Rental income	\$ 138,736	\$ 132,255
Merchandise sales	15,324	43,923
South Shore District Soccer Head fees	1,200	11,780
Track fees	22,296	26,863
Fieldhouse event revenue	-	7,587
Advertising revenue	-	435
Miscellaneous revenue	373	5,652
	177,929	228,495
GRANTS, CONTRIBUTIONS AND DONATIONS		
Government grants & pledges - capital	103,149	112,144
Operating grant	-	2,800
Corporate and individual donations	10,000	4,439
Wage subsidies	-	14,496
Contributed services	5,200	5,228
Symposium grant	-	800
	118,349	139,907
EXPENDITURES		
Accounting fees	1,180	2,775
Advertising and promotion	670	932
Amortization	103,149	108,394
Business taxes, licenses and memberships	110	797
Equipment and freight	1,566	2,895
Insurance	11,082	11,487
Interest and bank charges	3,294	2,174
Interest on long term debt	30,540	33,339
Office	2,652	2,798
Professional fees	5,200	5,200
Purchases	15,229	23,052
Repairs and maintenance	35,182	36,269
Salaries and wages	58,752	124,241
Symposium expenses	-	2,537
Telephone	2,226	4,244
Travel	-	1,275
Utilities	41,936	48,597
Vehicle	-	1,372
	312,768	412,378
DEFICIENCY OF FACILITY REVENUE OVER EXPENDITURES FOR THE YEAR	\$ (16,490)	\$ (43,976)

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Year Ended September 30, 2016

(Unaudited)

	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ (157,621)	\$ (113,645)
Deficiency of facility revenue over expenditures	(16,490)	(43,976)
NET ASSETS - END OF YEAR	\$ (174,111)	\$ (157,621)

See accompanying notes to the financial statements

Statement of Cash Flows

Year Ended September 30, 2016

(Unaudited)

	2016	2015
OPERATING ACTIVITIES		
Deficiency of facility revenue over expenditures	\$ (16,490)	\$ (43,976)
Items not affecting cash:		
Amortization of capital assets	103,149	108,394
Amortization of deferred contributions	(103,149)	(108,394)
	(16,490)	(43,976)
Changes in non-cash working capital:		
Accounts receivable	-	1,003
Accounts receivable from employees	-	654
Inventory	4,883	1,099
Accounts payable	(5,546)	5,675
Deferred income	774	-
Prepaid expenses	(2)	1,086
HST payable (recoverable)	(4,216)	764
Employee deductions payable	(1,259)	(277)
	(5,366)	10,004
Cash flow used by operating activities	(21,856)	(33,972)
INVESTING ACTIVITIES		
Purchase of capital assets	(5,371)	(5,683)
Receipt of contributions receivable	84,250	84,250
Cash flow from investing activities	78,879	78,567
FINANCING ACTIVITIES		
Repayment of advances to directors	-	(10,000)
Repayment of long term debt	(55,719)	(40,111)
Cash flow used by financing activities	(55,719)	(50,111)
INCREASE (DECREASE) IN CASH FLOW	1,304	(5,516)
Cash - beginning of year	1,916	7,432
CASH - END OF YEAR	\$ 3,220	\$ 1,916

See accompanying notes to the financial statements



Notes to Financial Statements

Year Ended September 30, 2016

(Unaudited)

1. PURPOSE OF BUSINESS

South Shore Fieldhouse Society is incorporated under the Nova Scotia Societies Act and is engaged in the management of a Fieldhouse facility for the community of the South Shore of Nova Scotia.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported 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 expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Grants and contributions restricted for the purchase of capital assets are deferred and amortized as revenue on the same basis as the amortization expense related to the acquired asset. 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.

Inventory

Inventory includes merchandise purchased for resale and is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis. During the year, the Society discontinued carrying any inventory.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Buildings	4%
Equipment	20%
Computer equipment	55%
Furniture and fixtures	20%
Paving	8%

(continues)

Notes to Financial Statements

Year Ended September 30, 2016

(Unaudited)

6. DEFERRED CONTRIBUTIONS

Deferred contributions are restricted grants, contributions and donations received for the purchase of capital assets.

	Government Deferred	Other Deferred	2016	2015
Balance - beginning of year	\$ 1,734,120	\$ 426,296	\$ 2,160,416	\$ 2,268,810
Amortization of deferred contributions	(82,795)	(20,354)	(103,149)	(108,394)
Balance - end of year	\$ 1,651,325	\$ 405,942	\$ 2,057,267	\$ 2,160,416

7. LONG TERM DEBT

	2016	2015
Bank of Montreal loan bearing interest at 6.25% per annum, repayable in monthly blended payments of \$6,405. The loan matures on April 30, 2024 and is secured by building with a net book value of \$2,326,492.	\$ 463,312	\$ 516,031
South Shore District Soccer Association loan is non-interest bearing and repayable in annual payments of \$3,000. The loan matures on March 14, 2019.	6,000	9,000
	469,312	525,031
Amounts payable within one year	(52,293)	(56,024)
	\$ 417,019	\$ 469,007

Principal repayment terms are approximately:

2017	\$ 52,293
2018	55,464
2019	55,839
2020	59,430
2021	63,253
Thereafter	183,033
	<u>\$ 469,312</u>

Notes to Financial Statements

Year Ended September 30, 2016

(Unaudited)

8. LEASE COMMITMENTS

The Society leases land under a long term lease that expires on November 30, 2027. Under the lease, the Society is required to pay a base rent of \$1 for the first twenty-year term with the expectation that the land use will continue on said lands for a minimum of 10 additional years. Further, the lease will be registered as required, subsequent to the Town of Bridgewater acquiring full ownership of the designated property.

9. TAXATION

The Society is exempt from income tax under Section 149 of the Income Tax Act of Canada.

10. ECONOMIC DEPENDENCE

The Society derives a substantial amount of revenues from the Federal and Provincial Governments. The ability for the Society to continue operations is dependent upon revenues derived from these two levels of government.

11. FINANCIAL INSTRUMENTS

The Society 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 Society's risk exposure and concentration as of September 30, 2016.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from accounts receivable and contributions receivable. The Society assesses, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is exposed to interest rate risk primarily on its fixed rate financial instruments, which subject the Society to a fair value risk. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities.

Notes to Financial Statements

Year Ended September 30, 2016

*(Unaudited)*3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets are reported at amortized cost, and tested for impairment at each reporting date.

Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at fair value are expensed when incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long term debt.

4. LONG TERM CONTRIBUTIONS RECEIVABLE

	2016	2015
Municipality of the District of Lunenburg	\$ -	\$ 31,000
Town of Bridgewater	-	31,000
Town of Lunenburg	-	1,250
Town of Mahone Bay	-	1,000
H.B. Studios Multimedia Limited	30,000	50,000
Subtotal	30,000	114,250
Current portion of long term contributions receivable	(30,000)	(89,250)
	\$ -	\$ 25,000

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Buildings	\$ 3,194,999	\$ 868,507	\$ 2,326,492	\$ 2,417,947
Equipment	43,363	32,079	11,284	14,105
Computer equipment	1,160	1,119	41	91
Furniture and fixtures	25,719	19,433	6,286	7,857
Paving	35,343	13,715	21,628	23,509
	\$ 3,300,584	\$ 934,853	\$ 2,365,731	\$ 2,463,509

