

# **Lindsay Park Sports Society**

Financial Statements  
**December 31, 2019**



## *Independent auditor's report*

To the Members of Lindsay Park Sports Society

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lindsay Park Sports Society (the Society) as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **What we have audited**

The Society's financial statements comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### **Independence**

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

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In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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### *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 Society'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 Society'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 Society 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
April 23, 2020

# Lindsay Park Sports Society

## Statement of Financial Position

As at December 31, 2019

	2019 \$	2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	954,191	1,250,671
Short-term investments (note 5)	5,347,446	3,363,410
Accounts receivable	498,623	543,899
Inventory	45,132	63,132
Prepaid expenses (note 12)	429,047	33,196
	7,274,439	5,254,308
<b>Capital assets</b> (note 4)	753,824	817,996
<b>Investments</b> (note 5)	5,609,440	7,210,119
<b>Donations on deposit with Parks Foundation, Calgary</b> (note 11)	576,261	636,751
	14,213,964	13,919,174
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 14)	1,110,746	812,205
Long-term debt (note 6)	176,102	343,134
Deferred revenue and grants	1,062,718	864,398
Deferred sponsorship – Repsol Oil and Gas Canada	-	500,000
	2,349,566	2,519,737
<b>Deposits from tenants</b>	24,640	24,640
<b>Deferred contributions</b> (note 7)	218,767	268,767
<b>Long-term debt</b> (note 6)	-	176,102
	2,592,973	2,989,246
<b>Net Assets</b>		
<b>Endowment</b> (note 13)	50,000	50,000
<b>Internally restricted net assets restricted for athletic bursaries</b> (note 9)	249,316	249,316
<b>Unrestricted net assets</b>	11,321,675	10,630,612
	11,620,991	10,929,928
	14,213,964	13,919,174
<b>Commitments</b> (note 12)		

### Approved by the Board of Governors

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Governor

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Governor

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

# Lindsay Park Sports Society

## Statement of Operations

For the year ended December 31, 2019

	2019 \$	2018 \$
<b>Facility revenues</b>		
Admissions, memberships and programs	7,313,138	7,100,875
Facility bookings and rental income	2,583,797	2,541,529
Operating contributions (note 8)	1,355,345	1,405,939
	<u>11,252,280</u>	<u>11,048,343</u>
<b>Facility expenses</b>		
Facility operations (note 10)	4,165,928	3,727,743
Experience providers	3,317,674	3,005,742
Human resources and administration (note 11)	2,006,550	2,354,303
Sales and marketing	1,027,779	1,013,232
	<u>10,517,931</u>	<u>10,101,020</u>
<b>Excess of revenue over expenses for the year before the following</b>	<u>734,349</u>	<u>947,323</u>
<b>Other revenue</b>		
Investment income (note 11)	442,512	460,257
Naming rights and other sponsorships	560,555	560,447
Loss on disposal of capital assets	(7,189)	(84,526)
	<u>995,878</u>	<u>936,178</u>
	<u>1,730,227</u>	<u>1,883,501</u>
<b>Other expense</b>		
Amortization of capital assets	<u>387,903</u>	<u>374,027</u>
<b>Excess of revenue over expenses for the year before the following</b>	<u>1,342,324</u>	<u>1,509,474</u>
<b>Capital contributions</b> – capital contribution from City of Calgary (note 3b, 3g)	510,523	611,411
<b>Other contributions from other sources</b>	-	56,127
<b>Capital expenses</b> – building improvements and capital expenditures (note 3b, 3g)	<u>(1,161,784)</u>	<u>(1,241,268)</u>
	<u>(651,261)</u>	<u>(573,730)</u>
<b>Net excess of revenue over expenses for the year</b>	<u>691,063</u>	<u>935,744</u>

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

# Lindsay Park Sports Society

## Statement of Changes in Net Assets

For the year ended December 31, 2019

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	<u>2019</u>			<u>2018</u>
	<u>Unrestricted</u> <u>\$</u>	<u>Internally</u> <u>restricted</u> <u>\$</u>	<u>Endowment</u> <u>\$</u>	<u>Total</u> <u>\$</u>
<b>Net assets – Beginning of year</b>	10,630,612	249,316	50,000	10,929,928
Net excess of revenue over expenses for the year	691,063	-	-	691,063
<b>Net assets – End of year</b>	<u>11,321,675</u>	<u>249,316</u>	<u>50,000</u>	<u>11,620,991</u>

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

# Lindsay Park Sports Society

## Statement of Cash Flows

For the year ended December 31, 2019

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	2019 \$	2018 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net excess of revenue over expenses for the year	691,063	935,744
Items not affecting cash		
Amortization of capital assets	387,903	374,027
Amortization of deferred contribution	(50,000)	(50,000)
Loss on disposal of capital assets	7,189	84,526
	<hr/>	<hr/>
	1,036,155	1,344,297
Net change in non-cash working capital items (note 15)	(335,714)	189,846
	<hr/>	<hr/>
	700,441	1,534,143
<b>Investing activities</b>		
Additions to capital assets	(335,054)	(320,707)
Proceeds on sale of capital assets	4,134	1,715
Redemption of investments	3,291,043	3,402,989
Purchase of investments	(3,674,400)	(4,412,400)
Net increase (decrease) in donations on deposit with Parks Foundation, Calgary	60,490	(9,161)
	<hr/>	<hr/>
	(653,787)	(1,337,564)
<b>Financing activity</b>		
Repayment of long-term debt	(343,134)	(331,387)
	<hr/>	<hr/>
<b>Decrease in cash and cash equivalents</b>	(296,480)	(134,808)
<b>Cash and cash equivalents – Beginning of year</b>	1,250,671	1,385,479
	<hr/>	<hr/>
<b>Cash and cash equivalents – End of year</b>	954,191	1,250,671
	<hr/>	<hr/>
<b>Cash and cash equivalents consist of</b>		
Cash	849,458	1,227,201
Mutual funds	104,733	23,470
	<hr/>	<hr/>
	954,191	1,250,671
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The accompanying notes are an integral part of these financial statements.

# Lindsay Park Sports Society

## Notes to Financial Statements

December 31, 2019

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### 1 Nature and purpose of the Society

Lindsay Park Sports Society (the Society) is a not-for-profit, non-taxable organization incorporated under the Societies Act of the Province of Alberta.

The purpose of the Society is to oversee and direct the management and operation of Repsol Sport Centre (the Centre) in accordance with its bylaws and a management and operating agreement between the Society and the City of Calgary. As part of this agreement, the City provides the Society with annual operating and capital grants. The capital grant is provided through an Infrastructure Program (formerly Culture, Parks and Recreation Infrastructure Investment Plan (CPRIIP)) and is provided on a reimbursement basis up to a maximum preapproved amount. Reimbursement is awarded for 50% of the completed costs. The City of Calgary is the owner of the building and the land upon which the Centre is located. It provides training, competition facilities and services for the development of Calgary's high performance athletes in dryland and aquatic sports in addition to providing facilities, programs and services for the fitness and recreational sporting needs of the citizens of Calgary.

On November 14, 2016, the Talisman Centre was renamed the Repsol Sport Centre as a result of Repsol's purchase of Talisman Energy and the naming agreement between the Society and Talisman Energy.

### 2 Change in accounting policy

Effective January 1, 2019, the Society adopted the new standards of the Chartered Professional Accountants (CPA) Canada Handbook, Part III – Accounting Standards for Not-for-Profit Organizations (ASNPO), Section 4433 – Tangible Capital Assets Held by Not-for-Profit Organizations (Section 4433).

The adoption of Section 4433 resulted in a change to the Society's accounting policies with respect to componentization and amortization of tangible capital assets. The cost of tangible capital assets made up of significant separable component parts is now allocated to the component parts when practical and significant and when estimates can be made of the estimated useful lives of the separate components.

In accordance with transitional provisions in Section 4433, the cost and related accumulated amortization of those tangible capital assets identified as having significant separable components were not allocated to their component parts as of January 1, 2019, as there is no material impact to the financial statements.

In accordance with Section 4433, the Society's accounting policies with respect to capital assets has also been revised (note 3(b)).

### 3 Summary of significant accounting policies

#### a) Basis of presentation

The Society's financial statements have been prepared in accordance with ASNPO.

# Lindsay Park Sports Society

## Notes to Financial Statements

December 31, 2019

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### b) Capital assets

Moveable capital assets that are purchased by the Society are recorded at cost less accumulated amortization and any provision for impairment. Movable capital assets that are donated to the Society are recorded at their fair value at the date of contribution. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practical and significant and when estimates can be made of the estimated useful lives of the separate components.

The Society amortizes its capital assets on a straight-line basis over their estimated useful lives as follows:

Athletic equipment	3 – 20 years
Office furniture and equipment	5 – 30 years
Computer equipment and software	3 – 10 years

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to Society's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The writedowns of capital assets are recognized as expenses in the statement of operations. Writedowns are not subsequently reversed.

Immovable capital assets, which do not become the property of the Society, are expensed in the year of acquisition.

### c) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with initial terms to maturity of 90 days or less.

### d) Financial instruments

The Society initially measures financial assets and financial liabilities at their fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost except for investments which are measured at fair value. The financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable and donations on deposit with Parks Foundation, Calgary. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deposits from tenants and long-term debt.

The Society is not exposed to undue credit risk. Further, the Society is not exposed to any significant foreign currency, interest rate, price or liquidity risk.

### e) Inventory

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

# Lindsay Park Sports Society

## Notes to Financial Statements

December 31, 2019

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### **f) Non-recording of City property**

The original building complex and its major equipment components were provided from the City of Calgary's capital fund and are the property of the City of Calgary and operated under the terms of an operating agreement; therefore, they are not recorded in these financial statements. Under the terms of this agreement, all building additions, improvements and immovable capital assets become the property of the City of Calgary and are expensed in the year incurred.

### **g) Revenue recognition**

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets when received.

Admissions, memberships and programs fees as well as facility booking fees and rental income are recorded as revenue over the period that the services are rendered, with the prepaid portion recorded as deferred revenue.

Sponsorships and grants, including naming rights, are recognized as revenue over the periods that they relate to in accordance with the terms of the sponsorship or grant agreement.

Capital contributions used for building expansion and improvements and to acquire immovable capital assets that do not become the property of the Society are recorded as revenue in the same year as the expansion, improvement or acquisition is expensed.

Restricted investment income is reported as deferred revenue and recognized as investment income in the year in which related expenditures are incurred. Unrestricted investment income is recorded as investment income revenue when it is earned.

### **h) Use of estimates**

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Significant estimates include amortization of capital assets, accrued liabilities and allowance for doubtful accounts.

### **i) Expenses**

Experience provider expenses includes the costs of programs and services conducted by the aquatics and fitness and sport services departments. Human resources and administration expenses include the costs of the human resources, finance and administration departments.

# Lindsay Park Sports Society

## Notes to Financial Statements

December 31, 2019

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### 4 Capital assets

			2019	2018
	Cost	Accumulated	Net book	Net book
	\$	amortization	value	value
		\$	\$	\$
Athletic equipment	2,165,923	1,713,529	452,394	483,159
Office furniture and equipment	496,859	393,446	103,413	104,563
Computer equipment	587,110	389,093	198,017	230,274
Café furniture and equipment	12,388	12,388	-	-
	<u>3,262,280</u>	<u>2,508,456</u>	<u>753,824</u>	<u>817,996</u>

### 5 Investments

Investments consist predominately of guaranteed investment certificates with various financial institutions. Some of the guaranteed investment certificates are cashable prior to their maturity date and, in some instances, are subject to an interest penalty. Investments are carried at fair value with unrealized gains or losses recognized directly in the statement of operations as investment income. Investments with maturity within one year have been classified as short-term investments. The Society currently holds investments with effective interest rates ranging from 1.35% to 2.90% (2018 – 1.35% to 2.90%).

### 6 Long-term debt

	2019	2018
	\$	\$
10-year loan from the City of Calgary, bearing a fixed rate interest at 3.514% per annum, repayable in semi-annual payments of \$179,196 including principal and interest, with a maturity of June 15, 2020	176,102	519,236
Less: Amounts due within a year	<u>(176,102)</u>	<u>(343,134)</u>
	-	<u>176,102</u>

The estimated principal repayment to maturity is as follows:

	\$
2020	<u>176,102</u>

Interest expense recorded in the year was \$14,755 (2018 – \$28,404).

# Lindsay Park Sports Society

## Notes to Financial Statements

December 31, 2019

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### 7 Deferred contributions

In 2005, the Society received an anonymous contribution of \$1,000,000 in exchange for the right to name the fifty meter pool complex constructed in 2003 "The Calgary Foundation Aquaplex". The naming rights are for a term of twenty years. The Society has recorded a portion of the contribution of \$50,000 (2018 – \$50,000) as revenue for the year and deferred the balance of \$218,767 (2018 – \$268,767), which will be recognized as revenue on a pro rata basis over the remaining term of the naming rights.

### 8 Operating contributions

Included in operating contributions are the following grants and contributions:

	2019 \$	2018 \$
Operating contribution from the City of Calgary	1,352,762	1,398,762
Other operating grant	2,583	7,177
	<hr/> 1,355,345	<hr/> 1,405,939

### 9 Internally restricted for athletic bursaries

The Lindsay Park Development Foundation (the Foundation) was dissolved on January 1, 2003 and the assets, liabilities and net assets were transferred to the Society. The purpose of the Foundation was to act as a trustee to administer the funds from the Western Canada Summer Games Foundation, together with any other funds received, for the purposes of improving the quality of the services offered at Repsol Sport Centre and assisting the development of athletes training at the Centre.

The Society has agreed to continue the work of the Foundation and, accordingly, has restricted the net assets received from the Foundation for the purpose of providing bursaries and grants to athletes and sport partners training at Repsol Sport Centre.

### 10 Facility operations

Included in facility operations expense are the following utility expenses:

	2019 \$	2018 \$
Electricity	920,697	840,854
Natural gas	301,241	319,504
	<hr/> 1,221,938	<hr/> 1,160,358

# Lindsay Park Sports Society

## Notes to Financial Statements

December 31, 2019

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### 11 Donations on Deposit with Parks Foundation, Calgary

#### Access Advantage endowment agreement

In 2004, an endowment fund named Access Advantage was established at Parks Foundation, Calgary. The income from the endowment allows the Society to provide subsidies and fee assistance to patrons of limited economic means in order to improve their access to Repsol Sport Centre. In 2004, the endowment fund received from an anonymous donor a donation of \$1,250,000. The Society agreed to increase the endowment fund to \$3,000,000 by way of contributing at least 15% of its annual excess of revenues over expenses before internal allocations to the endowment fund. The Society's commitment was fulfilled in 2018. In 2019, endowment income of \$235,226 (2018 – \$226,200) was received.

Interest related to this endowment amounted to \$223,071 (2018 – \$283,772) and has been included in donations on deposit with Parks Foundation, Calgary and was recognized as investment income. Administration fees of \$47,901 (2018 – \$47,881) related to the endowment fund were paid to Parks Foundation, Calgary and were recorded as human resources and administration expenses. The following is a continuity of the donations on deposit related to the investment income with Parks Foundation, Calgary:

	2019 \$	2018 \$
<b>Balance – Beginning of year</b>	636,751	627,590
Interest	555	447
Administration charges	(989)	(957)
Endowment interest	223,071	283,772
Administration charges on endowment	(47,901)	(47,881)
Endowment funds used for subsidies and assistance	(235,226)	(226,220)
	<hr/>	<hr/>
<b>Balance – End of year</b>	576,261	636,751

### 12 Commitments

#### a) Gas contract

The Society has a natural gas services agreement with ENMAX for the period from January 1, 2015 to December 31, 2019 to purchase predetermined amounts of gigajoules at a predetermined price. This was renewed for the period from January 1, 2020 to December 31, 2023.

#### b) Electrical contract

The Society has an electricity services agreement with ENMAX for the period from January 1, 2017 to December 2019, which was renewed for the period from January 1, 2020 to December 31, 2022, to purchase predetermined amounts of kilowatts per hour at predetermined prices.

# Lindsay Park Sports Society

## Notes to Financial Statements

December 31, 2019

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### c) Roof repairs

The Society has committed \$500,000 towards the repair of 24 roof valleys. The work was started in August of 2019, and is expected to be completed by end of year 2020; however, the completion date could change as a result of COVID-19.

### d) Flood mitigation

In 2018, the City of Calgary approached the Society about potential flood mitigation work that may be done in and around the river neighbouring the facility to protect it from future flooding. The Society advised the City that it is willing to fund up to \$1,000,000, which represents approximately one-half of the total project cost with the remainder to be funded by the City of Calgary. The flood mitigation approach, timing and exact cost is unknown.

## 13 Endowments

In fiscal 2013, Talisman Energy Inc. entered into an agreement with the Society whereby Talisman Energy Inc. committed to provide \$50,000 to establish the Talisman Energy Amateur Sport Bursary Award, which will be awarded in conjunction with the John Currie Amateur Sport Legacy Fund that is managed by Parks Foundation, Calgary. In 2019, \$nil (2018 – \$nil) was recorded by the Society as an endowment contribution. Pursuant to this agreement, earned income on this endowment is required to be awarded as a bursary to amateur athletes with financial needs who are training in Calgary. As a result of the name change, the bursary award is now the Repsol Amateur Sport Bursary Award.

## 14 Government remittance payable

As at December 31, 2019, the amount of government remittance payable included in accounts payable and accrued liabilities was \$nil (2018 – \$nil).

## 15 Non-cash working capital

	2019 \$	2018 \$
Accounts receivable	45,276	131,759
Inventory	18,000	(28,955)
Prepaid expenses	(395,851)	(22,922)
Accounts payable and accrued liabilities	298,541	(7,908)
Deferred sponsorship	(500,000)	-
Deferred revenue and grants	198,320	117,872
	<u>(335,714)</u>	<u>189,846</u>

# **Lindsay Park Sports Society**

Notes to Financial Statements

**December 31, 2019**

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## **16 Subsequent event**

On March 15, 2020, the Calgary Emergency Management Agency (CEMA) declared a state of local emergency in response to the COVID-19 virus pandemic. Later that day, CEMA issued an Order: Facility Closures and Restrictions, which ordered that the Centre be closed to the public effective 12:01 a.m., March 16, 2020.

As at December 31, 2019, the COVID-19 global pandemic had not yet had a significant impact on the Society's operations, therefore no adjustments have been recorded in the financial statements relating to this crisis for the period then ended. As it is not yet known when public health restrictions will be removed, nor the long-term impact of COVID-19, it is not possible to reasonably estimate the financial impact of this event on the Society's financial results subsequent to December 31, 2019.