

WASCANA CENTRE AUTHORITY
REGINA, SASKATCHEWAN
FINANCIAL STATEMENTS
March 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of Wascana Centre Authority have been prepared by the Organization's management in accordance with Canadian generally accepted accounting principles and necessarily include some amounts based on informed judgment and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, Virtus Group LLP, and their report is presented separately.



M. Bernadette McIntyre
Chief Executive Officer



Michelle Paetsch, CPA, CGA
Chief Financial Officer



INDEPENDENT AUDITORS' REPORT

**To the Members,
Wascana Centre Authority**

We have audited the accompanying financial statements of **Wascana Centre Authority** which comprise the statement of financial position as at **March 31, 2016**, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at **March 31, 2016**, and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting as disclosed in note 2 to the financial statements.

June 23, 2016
Regina, Saskatchewan

Chartered Professional Accountants

Wascana Centre Authority


Statement of Financial Position

As at March 31, 2016 with comparative figures for 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and short term investments	\$ 2,631,581	\$ 2,982,722
Accounts receivable	103,346	146,841
Prepaid expenses	38,152	33,088
	<u>2,773,079</u>	<u>3,162,651</u>
Capital assets (note 3)	<u>4,125,467</u>	<u>4,113,310</u>
	<u>\$ 6,898,546</u>	<u>\$ 7,275,961</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 503,631	\$ 667,260
Deferred contributions (note 4)	1,721,159	2,135,438
	<u>2,224,790</u>	<u>2,802,698</u>
Deferred capital contributions (note 4)	1,049,564	1,034,573
Net assets:		
Invested in capital assets	3,075,903	3,078,737
Restricted (note 6)	146,712	132,630
Unrestricted	401,577	227,323
	<u>3,624,192</u>	<u>3,438,690</u>
	<u>\$ 6,898,546</u>	<u>\$ 7,275,961</u>

See accompanying notes to the financial statements.

Approve by the Board:

Member 

Member 

Wascana Centre Authority

Statement of Changes in Net Assets

For the year ended March 31, 2016 with comparative figures for 2015

	Invested in capital assets	Restricted – special projects reserve	Unrestricted	2016	2015
Balance, beginning of year	\$ 3,078,737	\$ 132,630	\$ 227,323	\$3,438,690	\$3,494,724
Excess (deficiency) of revenues over expenses	-	-	185,502	185,502	(56,034)
Amortization	(431,643)	-	431,643	-	-
Capital asset additions, net	428,809	-	(428,809)	-	-
Inter-fund Transfers	-	14,082	(14,082)	-	-
Balance, end of year	\$ 3,075,903	\$ 146,712	\$ 401,577	\$3,624,192	\$3,438,690

Wascana Centre Authority

Statement of Operations

For the year ended March 31, 2016 with comparative figures for 2015

	<u>2016</u>	<u>2015</u>
Revenue:		
Grants		
Government of Saskatchewan	\$ 3,096,749	\$ 3,263,459
City of Regina	1,750,581	1,784,514
University of Regina	699,541	742,307
Other	1,507,539	1,221,796
Service revenue	1,028,444	804,195
Rental revenue	217,390	206,162
General donations	38,896	133,913
Interest	29,615	32,563
Gain on asset disposal	28,782	50,805
Miscellaneous	37,651	16,856
	<u>8,435,188</u>	<u>8,256,570</u>
Expense:		
Salaries and benefits (note 7)	4,834,107	4,685,694
Contractual services and materials (note 7)	2,634,970	2,914,103
Amortization	431,643	379,344
Utilities	246,792	227,488
Insurance	102,174	105,975
	<u>8,249,686</u>	<u>8,312,604</u>
Excess (deficiency) of revenue for the year	<u>\$ 185,502</u>	<u>\$ (56,034)</u>

See accompanying notes to the financial statements.

Wascana Centre Authority

Statement of Cash Flows

Year ended March 31, 2016 with comparative figures for 2015

	<u>2016</u>	<u>2015</u>
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue for the year	\$ 185,502	\$ (56,034)
Amortization	431,643	379,344
Deferred capital contributions recognized	(90,991)	(76,763)
(Gain) loss on sale of assets	(28,782)	(50,805)
Decrease (increase) in accounts receivable	43,495	(19,671)
(Increase) decrease in prepaid expense	(5,064)	(25,548)
(Decrease) increase in accounts payable	(163,629)	(28,324)
(Decrease) increase in deferred contributions	(414,279)	306,320
	<u>(42,105)</u>	<u>428,519</u>
Investing activities:		
Capital asset additions	(544,340)	(634,425)
Capital asset sale proceeds	129,322	178,150
Deferred capital contributions received	105,982	111,436
	<u>(309,036)</u>	<u>(344,839)</u>
Increase (decrease) in cash and short term investments	(351,141)	83,680
Cash and short term investments, beginning of year	<u>2,982,722</u>	<u>2,899,042</u>
Cash and short term investments, end of year	<u>\$2,631,581</u>	<u>\$2,982,722</u>

See accompanying notes to the financial statements.

Wascana Centre Authority

Notes to the Financial Statements

Year ended March 31, 2016 with comparative figures for 2015

Note 1. Description of operations

On April 1, 1962 *The Wascana Centre Act* (the Act) established the Wascana Centre Authority (the Authority) as an incorporated government partnership for the operation of Wascana Centre (the Centre). The partners are the Government of Saskatchewan, the City of Regina, and the University of Regina. The partners appoint members to the Board of Directors of the Authority.

Under the Act, the Authority established a master plan for the Centre and ensures all developments are consistent with the plan; approves all exterior improvements, including buildings, facilities and landscape; establishes bylaws; provides special services; and undertakes construction and maintenance within the boundaries of the Centre.

The Authority is a registered charity within the meaning of the *Income Tax Act (Canada)* and is therefore exempt from income taxes. The Authority is also exempted from the Goods and Services Tax.

The Authority is economically dependent on the Government of Saskatchewan, the City of Regina, and the University of Regina.

The Act specifies annual minimum funding of \$781,550 from the Government of Saskatchewan; \$426,300 from the City of Regina; and \$213,150 from the University of Regina. The partners may provide additional grant funding or purchase contractual services and goods from the Authority.

The Act also specifies that from the annual minimum grant funding of the partners, a minimum of \$375,000 annually be directed towards landscape construction or restoration; construction or restoration of facilities on Authority land; or construction or restoration of facilities on partner land.

Developments within the Centre such as buildings, roadways, and landscaped areas are owned and are the responsibility of the titled landowner.

Wascana Centre Authority

Notes to the Financial Statements

Year ended March 31, 2016 with comparative figures for 2015

Note 2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations with the exception of the policy of the Authority to expense designated expenditures that would otherwise be capitalized.

Revenue recognition

The Authority follows the deferral method of accounting for contributions which include government grants and restricted donations. Where a portion of a grant or donation is restricted to fund certain expenditures, it is deferred and recognized in the period the related expenditure occurs.

Revenue from rents, the sale of goods and services, and general (unrestricted) donations and grants are recognized in the period earned or received.

Capital assets

Purchased or constructed assets are recorded at cost. Assets originally contributed by the partners at incorporation have been recorded at a nominal value of \$1. Specifically designated expenditures that are incurred for landscape construction on public land and construction of service facilities on Authority land or on land of the partners are expensed. For buildings and land improvements, the Authority only capitalizes assets for which it is the titled landowner.

Amortization is provided on the straight-line basis over the following periods:

Buildings and land improvements	10 to 20 years
Equipment	5 to 7 years
Vehicles	5 to 7 years
Office equipment	5 years

Works of art are not amortized, but capitalized and included with buildings and land improvements.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting standards requires management to make estimates and assumptions that affect the reported amount 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 period. Actual results could differ from the estimates.

Wascana Centre Authority

Notes to the Financial Statements

Year ended March 31, 2016 with comparative figures for 2015

Note 2. Significant accounting policies - continued

Financial instruments – Recognition and measurement

All financial instruments are designated and classified as one of the following: held to maturity, loans and receivables, held for trading, or available for sale and other liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in excess of revenues over expenses. Financial assets held-to maturity, loans and receivables and financial liabilities other than those held-for-trading are measured at amortized cost. Available for sale financial assets are measured at fair value with unrealized gains and losses recognized as separate component of net assets. Upon initial recognition any financial instrument may be designated as held-for-trading.

Note 3. Capital assets

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Assets from partners	\$ 1	\$ -	\$ 1	\$ 1
Land	1,669,894	-	1,669,894	1,669,894
Buildings and land improvements	5,356,667	4,328,137	1,028,530	1,105,142
Equipment	3,131,519	2,031,355	1,100,164	973,901
Vehicles	1,169,713	844,067	325,646	361,362
Office equipment	41,992	40,760	1,232	3,010
	<u>\$11,369,786</u>	<u>\$7,244,319</u>	<u>\$ 4,125,467</u>	<u>\$ 4,113,310</u>

Note 4. Deferred contributions

Deferred contributions represent restricted contributions, including those for landscape maintenance, landscape construction, specific projects, or designated donations carried forward from year to year. These amounts are externally restricted as a result of conditions associated with their receipt.

Major sources of restricted contributions are from the funding partners for landscape maintenance and statutory minimum landscape construction, as defined in the Wascana Centre Authority Act. These amounts were \$3,618,000 (2015 - \$3,618,000) from the Government of Saskatchewan, \$2,034,900 (2015 - \$1,977,900) from the City of Regina, and \$841,700 (2015 - \$839,000) from the University of Regina. The Authority also received other restricted grants totaling \$879,222 (2015 - \$697,170) during the year including \$762,000 from the City of Regina for capital development.

Wascana Centre Authority

Notes to the Financial Statements

Year ended March 31, 2016 with comparative figures for 2015

Note 4. Deferred contributions - continued

	Operating		Capital	
	2016	2015	2016	2015
Balance, beginning of year	\$ 2,135,438	\$ 1,829,118	\$ 1,034,573	\$ 999,900
Amounts received during the year	6,655,122	7,353,070	-	-
Transfers	(105,982)	(111,436)	105,982	111,436
Amounts recognized as revenue	(6,963,419)	(6,935,314)	(90,991)	(76,763)
Balance, end of year	<u>\$1,721,159</u>	<u>\$2,135,438</u>	<u>\$1,049,564</u>	<u>\$1,034,573</u>

Deferred contributions for Operating consist of the following:

	2016	2015
City of Regina – grant advance	\$ 679,750	\$ 1,398,450
Landscape construction	879,233	506,200
Master Plan	34,569	144,693
Comprehensive Review	19,664	19,664
Fine arts	59,448	59,448
Visual Identity Guide	12,495	-
Fundraising Strategy	36,000	-
Website development	-	6,983
	<u>\$1,721,159</u>	<u>\$2,135,438</u>

Deferred contributions for Capital are recognized as revenue on the same basis as amortization for the related assets.

Note 5. Credit facilities

The Authority has credit agreements with its bank for the following:

- \$450,000 of overdraft protection, with a current balance of nil (2015 – nil).
- \$40,000 limit in credit card purchases.

Note 6. Restricted net assets

The Board has designated \$146,712 (2015 - \$132,630) as a Special Projects Reserve. The Reserve may be used for any purpose approved by the Board.

Wascana Centre Authority

Notes to the Financial Statements

Year ended March 31, 2016 with comparative figures for 2015

Note 7. Expense allocations

	Salaries and benefits		Contractual services & materials	
	2016	2015	2016	2015
Maintenance	\$ 1,879,667	\$ 1,841,942	\$ 553,708	\$ 651,686
Horticulture & Forestry	800,041	868,030	67,102	104,945
Infrastructure	500,749	448,616	200,064	159,657
Community Relations	422,330	366,993	120,587	95,814
Administration	912,341	811,863	318,463	306,255
Landscape Construction & Services	318,979	348,250	1,375,046	1,595,746
	<u>\$ 4,834,107</u>	<u>\$ 4,685,694</u>	<u>\$ 2,634,970</u>	<u>\$ 2,914,103</u>

Insurance recoveries of nil (2015 – nil) are netted against the related incurred expenditures.

Note 8. Commitments

At March 31, 2016, the contractual commitments for consulting and construction services, to be received by the Authority, were \$14,934 (2015 – \$109,221).

Note 9. Related party transactions

Included in these financial statements are revenues and expenditures resulting from routine operating transactions with various agencies and departments of the partners.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related parties that have significant influence over the Authority are the partners (Government of Saskatchewan, City of Regina, and the University of Regina) and their controlled entities. The Authority had the following transactions with related parties:

	Government of Saskatchewan	City of Regina	University of Regina	2016	2015
Revenues	\$ 542,188	\$ 89,825	\$ 274,835	\$ 906,848	\$ 683,929
Expenses	\$ 1,030,310	\$ 244,716	\$ 7,128	\$ 1,282,154	\$ 1,227,134

At the end of the year, the related party amounts included in the balance sheet are as follows:

Receivables	\$ 34,337	\$ 805	\$ 8,731	\$ 43,873	\$ 79,491
Prepays	\$ 29,556	\$ -	\$ -	\$ 29,556	\$ -
Payables	\$ 37,329	\$ 4,221	\$ 297	\$ 41,847	\$ 151,315
Deferred revenues	\$ 572,775	\$ 992,173	\$ 156,211	\$ 1,721,159	\$ 2,135,438

Wascana Centre Authority

Notes to the Financial Statements

Year ended March 31, 2016 with comparative figures for 2015

Note 10. Financial risk management policy

WCA is exposed to various risks through financial instruments. WCA's financial instruments and the nature of the risk which they may subject to are as per the following descriptions.

Credit risk

The Authority determines amounts receivable based on collectability. Credit risk on receivables from funding partners and other public sector entities is considered low and no allowances have been made. Other revenue receivable of \$59,908 (2015 - \$12,031) has an allowance of nil (2015 - nil).

Liquidity risk

WCA manages its liquidity risk by monitoring projected and actual cash flows, accounts receivable management, and use of a short term bank overdrafts which are settled upon receipt of grants or service revenues.

Interest Rate Risk

The Authority is exposed to interest rate risk on the fixed and floating rates on existing credit facilities. As the Authority has sufficient cash on hand to meet all obligations, the risk is minimal.

Note 11. Pension plan

The Authority makes contributions to a defined contribution plan and a defined benefit plan. The defined benefit plan is administered by the Province of Saskatchewan who also guarantees all future benefit payments. Enrolments in the defined benefit plan ceased in 1977, and all subsequent enrolments were in the defined contribution plan. Payments to the defined benefit plan were \$1,240 (2015 - \$1,240) and payments to the defined contribution plan were \$640,074 (2015 - \$598,071) and are included in the expenses in the Statement of Operations.

Note 12. Capital disclosures

The Authority's capital consists of its net assets. In order to preserve its capital WCA takes measures such as preparation and monitoring of annual budgets. This objective remained unchanged from the prior period. WCA is economically dependent on the funding partners.

Wascana Centre Authority

Notes to the Financial Statements

Year ended March 31, 2016 with comparative figures for 2015

Note 13. Guarantees

In the normal course of business, the Authority enters into agreements that meet the definition of a guarantee.

Indemnity has been provided to all directors and officers of the Authority and has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. Further, in the normal course of business the Authority has entered into agreements that include indemnities in favour of third parties such as confidentiality agreements, engagement letters with consultants, and other various service and purchase agreements. Historically, the Authority has not incurred any costs as a result of any such suits, actions, or agreements. The maximum amounts of potential future payment, if any, cannot be reasonably estimated and no amounts have been recorded in the financial statements.

Note 14. Comparative figures

Some of the prior year's figures have been restated for comparative purposes and to conform to current year presentation.