

**Capital Area Recreation Inc.**  
**(operating as Bell Aliant Centre)**

Financial Statements  
**March 31, 2021**



June 22, 2021

## **Independent Auditor's Report**

### **To the Board of Directors of Capital Area Recreation Inc.**

We have audited the accompanying financial statements of Capital Area Recreation Inc., which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets (liabilities) 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 Capital Area Recreation Inc. as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

#### ***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 are independent of Capital Area Recreation Inc. 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.

#### ***Other Matter***

The financial statements of Capital Area Recreation Inc. for the year ended March 31, 2020 were audited by another auditor who expressed a unqualified opinion on those financial statements on September 23, 2020.

#### ***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 auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

#### ***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 public sector 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.

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



Member of The AC Group of Independent Accounting Firms

Those charged with governance are responsible for overseeing Capital Area Recreation Inc.'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 Capital Area Recreation Inc.'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 Capital Area Recreation Inc.'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 Capital Area Recreation Inc. 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.

*Arsenault Best Cameron Ellis*

**Chartered Professional Accountants**

# Capital Area Recreation Inc.

(operating as Bell Aliant Centre)



Statement of Financial Position

As at March 31, 2021

	2021	2020
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	6,107	6,201
Accounts receivable (notes 3 and 15)	546,709	341,568
Inventory	23,512	28,671
Prepaid expenses	8,443	14,438
	<u>584,771</u>	<u>390,878</u>
<b>Capital assets</b> (note 4)	<u>12,336,414</u>	<u>12,262,917</u>
	<u>12,921,185</u>	<u>12,653,795</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness (note 5)	168,202	196,870
Accounts payable and accrued liabilities	222,206	263,648
Deferred revenue	149,755	130,886
Current portion of long-term debt	-	35,859
	<u>540,163</u>	<u>627,263</u>
<b>Long-term debt</b> , less current portion (note 6)	40,000	-
<b>Capital campaign funding</b> (note 7)	511,848	533,175
<b>Capital construction funding</b> (notes 8 and 15)	<u>12,071,588</u>	<u>11,725,428</u>
	<u>13,163,599</u>	<u>12,885,866</u>
<b>Net Liabilities</b>		
<b>Unrestricted net liabilities</b> (note 15)	(227,125)	(200,526)
<b>Capital projects fund</b> (note 9)	231,733	-
<b>Investment in capital assets</b> (note 15)	<u>(247,022)</u>	<u>(31,545)</u>
	<u>(242,414)</u>	<u>(232,071)</u>
	<u>12,921,185</u>	<u>12,653,795</u>

Approved by the Board of Directors

 Director

  Director

# Capital Area Recreation Inc.

*(operating as Bell Aliant Centre)*

Statement of Changes in Net Assets (Liabilities)

For the year ended March 31, 2021

	Capital Projects Fund \$	Unrestricted Operating and Commercial Tenants \$	Investment in Capital Assets \$	Total 2021 \$	Total 2020 \$
<b>Balance - Beginning of year</b>	-	(78,726)	(151,106)	(229,832)	(252,953)
Prior period adjustment (note 15)	-	(121,800)	119,561	(2,239)	(2,239)
<b>Balance - Beginning of year, as restated</b>	-	(200,526)	(31,545)	(232,071)	(255,192)
<b>Excess (deficiency) of revenue over expenditures before inter-fund transfers</b>					
Capital assets	-	-	(63,735)	(63,735)	(71,027)
Commercial tenants	-	53,392	-	53,392	150,093
Inter-fund Transfers					
Capital asset additions	-	(736,996)	736,996	-	-
Repayment of long-term debt	-	(35,859)	35,859	-	-
Capital construction funding	-	671,715	(671,715)	-	(77,200)
Energy audit retrofit amortization included with unrestricted operating and commercial tenants	-	21,149	(21,149)	-	-
Excess operating to capital contribution - City of Charlottetown	41,286	-	(41,286)	-	21,255
Excess capital contribution - UPEI	190,447	-	(190,447)	-	-
<b>Balance - End of year</b>	<b>231,733</b>	<b>(227,125)</b>	<b>(247,022)</b>	<b>(242,414)</b>	<b>(232,071)</b>

Investment in capital assets consists of:

	Cost/ contributions \$	Accumulated amortization \$	Total 2021 \$	Total 2020 \$
Capital assets (note 4)	25,431,366	(13,094,952)	12,336,414	12,262,917
Long-term debt (note 6)	-	-	-	(35,859)
Capital campaign funding (note 7)	(987,377)	475,529	(511,848)	(533,175)
Capital construction funding (note 8)	(22,882,057)	10,810,469	(12,071,588)	(11,725,428)
	<b>1,561,932</b>	<b>(1,808,954)</b>	<b>(247,022)</b>	<b>(31,545)</b>

# Capital Area Recreation Inc.

*(operating as Bell Aliant Centre)*

Statement of Operations

For the year ended March 31, 2021

	Operating \$	Commercial tenants \$	Capital assets \$	Total 2021 \$	Total 2020 \$
<b>Revenue</b>					
Arena (page 16)	574,766	-	-	574,766	885,234
Aquatics (page 17)	143,154	-	-	143,154	939,664
General and administrative (page 18)	378,921	-	-	378,921	325,643
Commercial tenants (page 19)	-	210,584	-	210,584	322,050
Amortization of capital construction funding (note 15)	-	-	517,745	517,745	476,062
Amortization of campaign funding	-	-	21,327	21,327	22,216
	1,096,841	210,584	539,072	1,846,497	2,970,869
<b>Expenditures</b>					
Arena (page 16)	421,276	-	-	421,276	516,888
Aquatics (page 17)	607,447	-	-	607,447	1,081,104
General and administrative (page 18)	1,139,198	133,403	-	1,272,601	1,411,512
Commercial tenants direct expenditures (page 19)	-	23,789	-	23,789	23,193
Depreciation of capital assets	-	-	602,807	602,807	569,032
Loss on disposal of assets	-	-	-	-	2,512
	2,167,921	157,192	602,807	2,927,920	3,604,241
<b>Excess of expenditures over revenues before funding</b>	(1,071,080)	53,392	(63,735)	(1,081,423)	(633,372)
<b>Funding</b>					
City of Charlottetown	572,622	-	-	572,622	578,745
University of Prince Edward Island	83,486	-	-	83,486	86,479
Town of Stratford	15,952	-	-	15,952	15,952
Government assistance	399,020	-	-	399,020	29,023
	1,071,080	-	-	1,071,080	710,199
<b>Excess (deficiency) of revenue over expenditures for the year (note 15)</b>	-	53,392	(63,735)	(10,343)	76,827

# Capital Area Recreation Inc.

(operating as Bell Aliant Centre)

Statement of Cash Flows

For the year ended March 31, 2021

	2021	2020
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures	(10,343)	76,827
Items not affecting cash		
Amortization - Capital construction funding - operations (note 11)	(39,543)	(45,192)
- Capital construction funding - capital assets	(517,745)	(476,062)
- Capital campaign funding	(21,327)	(22,216)
Depreciation - Operations (note 11)	60,692	69,363
- Capital assets	602,807	569,032
Loss on sale of capital assets	-	2,512
	<u>74,541</u>	<u>174,264</u>
Net change in non-cash working capital items		
Increase in accounts receivable	(205,141)	(174,491)
Decrease (increase) in inventory	5,159	(829)
Decrease (increase) in prepaid expenses	5,995	(4,209)
Decrease in accounts payable and accrued liabilities	(41,442)	(36,429)
Increase in deferred revenue	18,869	-
	<u>(142,019)</u>	<u>(41,694)</u>
<b>Financing activities</b>		
Change in restricted cash	-	(55,945)
Issuance of long-term debt	40,000	-
Repayment of long-term debt	(35,859)	(84,025)
Proceeds from capital construction funding and grants	903,448	524,500
	<u>907,589</u>	<u>384,530</u>
<b>Investing activities</b>		
Decrease in capital projects	-	55,945
Purchase of capital assets	(736,996)	(542,755)
Proceeds on disposal of capital assets	-	7,500
	<u>(736,996)</u>	<u>(479,310)</u>
<b>Decrease (increase) in net bank indebtedness</b>	<b>28,574</b>	<b>(136,474)</b>
<b>Bank indebtedness - Beginning of year</b>	<b>(190,669)</b>	<b>(54,195)</b>
<b>Bank indebtedness - End of year</b>	<b>(162,095)</b>	<b>(190,669)</b>
<b>Net cash (bank indebtedness) consists of</b>		
Cash	6,107	6,201
Bank indebtedness	(168,202)	(196,870)
	<u>(162,095)</u>	<u>(190,669)</u>

# Capital Area Recreation Inc.

## (Operating as Bell Aliant Centre)

Notes to Financial Statements

March 31, 2021

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### 1 Description of entity

The Capital Area Recreation Inc. was incorporated on July 10, 2001 under Part II of the *Companies Act of Prince Edward Island*. Its purpose is to develop, own and operate a joint recreation facility for the capital area of the Province of Prince Edward Island. The organization has charitable status with the Canada Revenue Agency.

### 2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards with reference to PS4200 - PS4270 and include the following significant accounting policies:

#### Cash

Cash consists of cash on hand.

#### Inventory

Inventory is measured at the lower of cost, using the first-in, first-out method, and net realizable value.

#### Capital assets

Capital assets are recorded at cost. Amortization is calculated at one-half the stated rate in the year of acquisition. No amortization is recorded in the year of disposal. Amortization is calculated using the following rates:

Building	4%	declining balance
Paving and landscaping	8%	declining balance
Equipment	20%	declining balance
Signage	20%	declining balance
Computer hardware	30%	declining balance
Computer software	100%	declining balance

#### Revenue recognition

The organization follows the deferral method of accounting for revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and all other revenue sources are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from the arena and aquatic facilities are recognized when earned and collection is reasonably assured.



# Capital Area Recreation Inc.

*(Operating as Bell Aliant Centre)*

Notes to Financial Statements

March 31, 2021

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Revenues from the commercial tenants are recognized when earned.

Operational funding is accrued annually in accordance with the funding agreements signed with the City of Charlottetown, the University of Prince Edward Island, and the Town of Stratford. Any operational funding revenues in excess of the original funding agreements are not recognized until the funding partners commit to providing the additional funds.

Capital Campaign Funding, Capital Construction Funding and Grants are amortized on the same basis as the capital assets the partners and donors have contributed towards.

## **Government contributions**

Government contributions received for operations are recognized in the year that the related expenses are incurred.

Government contributions relating to the acquisition of capital assets are deferred and amortized to income on the same basis as the related amortization expense.

## **Use of estimates**

The preparation of these financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, inventory, and the estimated useful life of capital assets. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Since January 31, 2020, the outbreak of COVID-19 (coronavirus) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown, and global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the outcome of government and central bank interventions.

In management's estimation, these events have not had a material impact on the carrying value of assets and liabilities reported in these financial statements as at March 31, 2021. The duration and impact of the COVID-19 pandemic remains unclear at this time. Therefore, 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 organization for future periods.

# Capital Area Recreation Inc.

*(Operating as Bell Aliant Centre)*

Notes to Financial Statements

March 31, 2021

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## Financial instruments

### (a) Measurement of financial instruments

Capital Area Recreation Inc.'s financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and long-term debt.

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

### (b) Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenditures.

### (c) Risks

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

- i) **Interest rate risk:** The organization is exposed to interest rate risk due to the variable rate interest on their bank indebtedness. Changes in the bank lending rates can cause fluctuations in cash flows and interest expense. The organization does not use any derivatives to manage this risk.
- ii) **Credit risk:** The organization is exposed to credit risk in connection with the collection of its accounts receivable. The organization mitigates this risk by performing continuous evaluation of its accounts receivable.

# Capital Area Recreation Inc.

## (Operating as Bell Aliant Centre)

Notes to Financial Statements

March 31, 2021

- iii) Liquidity risk: The organization's exposure to liquidity risk is dependent on the sale of inventory, collection of accounts receivable or raising of funds to meet commitments and sustain operations. The organization controls liquidity risk by management of working capital, cash flows and availability of borrowing facilities.

### 3 Accounts receivable

	2021	2020
	\$	\$
Accounts receivable	426,667	248,818
Government contributions receivable	120,042	92,750
	<u>546,709</u>	<u>341,568</u>

### 4 Capital assets

	2021		2020	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Building	20,244,089	9,682,562	10,561,527	10,992,899
Paving and landscaping	1,677,546	1,016,043	661,503	431,167
Equipment	3,403,677	2,304,576	1,099,101	819,159
Signage	50,953	46,959	3,994	4,993
Computer hardware	55,101	44,812	10,289	14,699
	<u>25,431,366</u>	<u>13,094,952</u>	<u>12,336,414</u>	<u>12,262,917</u>

### 5 Bank indebtedness

	2021	2020
	\$	\$
Royal Bank demand operating loan - Royal Bank prime, to a maximum of \$400,000 for general operating requirements	<u>168,202</u>	<u>196,870</u>

The above demand operating loan is secured by letters of guarantee from the City of Charlottetown and borrowing resolutions by the Board of Directors in the amount of \$400,000. The Board of Directors have also passed a separate borrowing resolution in the amount of \$50,000 as security for the corporate credit card.

The prime rate at March 31, 2021 is 2.45%.

# Capital Area Recreation Inc.

*(Operating as Bell Aliant Centre)*

Notes to Financial Statements

March 31, 2021

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## 6 Long-term debt

	2021	2020
	\$	\$
0% loan maturing December 2022, after such time the loan will automatically be converted to a 5% term loan, due December 31, 2025, with interest payments due monthly, unsecured	60,000	-
Royal Bank 3.17% term loan, repaid during the year	-	35,859
	<hr/>	<hr/>
	60,000	35,859
Less: Government assistance portion	20,000	-
Less: Current portion	-	35,859
	<hr/>	<hr/>
	40,000	-
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The aggregate amount of principal payments estimated to be required in each of the next two years to meet retirement provisions is as follows:

	\$
Year ending March 31, 2022	-
2023	40,000

## 7 Capital campaign funding

	2021		2020	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Donations received	987,377	475,529	511,848	533,175
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# Capital Area Recreation Inc.

(Operating as Bell Aliant Centre)

Notes to Financial Statements

March 31, 2021

## 8 Capital construction funding

			2021	2020
	Construction	Accumulated amortization	Net	Net
	\$	\$	\$	\$
City of Charlottetown	17,793,366	8,178,078	9,615,288	9,404,954
University of P.E.I.	3,281,942	1,445,227	1,836,715	1,641,860
Town of Stratford	385,000	190,697	194,303	202,399
Other	102,123	35,961	66,162	71,172
Canada Games	195,373	181,213	14,160	17,700
Energy Audit	1,044,814	768,013	276,801	316,344
ACOA 150	79,439	11,280	68,159	70,999
	<u>22,882,057</u>	<u>10,810,469</u>	<u>12,071,588</u>	<u>11,725,428</u>

The organization has entered into agreements with the City of Charlottetown, the University of Prince Edward Island and the Town of Stratford to provide funding for the facility. The City of Charlottetown provided an initial contribution of \$13,240,000 in exchange for a first charge leasehold mortgage on the facility.

During the year, municipal government assistance contributions of \$636,018 (2020 - \$300,475) and federal government assistance contributions of nil (2020 - \$58,825) were received or receivable for the acquisition of capital assets.

## 9 Capital projects fund

In 2017, the City of Charlottetown amended its agreement with Capital Area Recreation Inc. so that any operational surplus of a given year is to be applied to a designated capital projects fund managed by Capital Area Recreation Inc. These funds are credited toward the City of Charlottetown's share of future approved capital projects. The surplus is amortized on the same basis as the capital assets for which the surplus was used to purchase.

	2021	2020
	\$	\$
Balance - beginning of year	-	55,945
UPEI excess capital contribution	190,447	-
City of Charlottetown operational surplus contribution	41,286	21,255
Utilized during the year	-	(77,200)
Balance - end of year	<u>231,733</u>	-

# Capital Area Recreation Inc.

*(Operating as Bell Aliant Centre)*

Notes to Financial Statements

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## 10 Capital replacement

The organization has entered into an agreement with the City of Charlottetown, whereby the City of Charlottetown commits to review, on a project per project basis, any capital addition or replacement requests. The City of Charlottetown and the University of Prince Edward Island shall contribute 87% and 13% respectively to the capital addition or replacement cost net of any funding from the Town of Stratford and/or any other private or public entities. Capital addition or replacement is defined as being the replacement of those components of the facility that are required to be replaced from time to time and any additions to the facility, excluding repairs and maintenance.

## 11 Energy audit retrofit

The organization previously completed an energy audit retrofit. There has been \$1,611,368 in capital additions and \$1,044,814 received in funding from the Canada-Prince Edward Island Building Canada Fund to offset the capital additions cost of the retrofit. \$600,000 from the Royal Bank term loan (note 6) funded the balance of the additions.

The City of Charlottetown and the University of Prince Edward Island have agreed to fund the deficiency of revenues over expenditures, net of any other funding, at their respective 87% and 13%. Capital Area Recreation Inc. and its funding partners, the City of Charlottetown and the University of Prince Edward Island, have agreed that the funding partners will fund the Energy Audit Retrofit net additions by not reducing operating funding due to the energy savings until the renegotiated term loan has been repaid. The energy savings of the retrofit will be used to repay the renegotiated term loan.

Therefore, to maintain the operating funding at current levels, the interest on the current line of credit, future interest payments on the renegotiated loan, depreciation on capital additions and amortization of the Canada-Prince Edward Island Building Canada Fund will be included in the utilities expense until the renegotiated loan is repaid.

Additions to utilities expense as a result of the retrofit are:

	2021	2020
	\$	\$
Amortization of capital construction funding	(39,543)	(45,192)
Depreciation	60,692	69,363
Interest on long-term debt	659	1,950
	<hr/>	<hr/>
Balance - end of year	21,808	26,121

**Capital Area Recreation Inc.**  
*(Operating as Bell Aliant Centre)*  
 Notes to Financial Statements  
**March 31, 2021**

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**12 Commitments**

*Bell Aliant Naming Rights and Sponsorship*

In May of 2015, the organization, along with the City of Charlottetown, entered into a Strategic Partnership Agreement with Bell Aliant Regional Communications L.P. ("Bell Aliant"). In exchange for naming rights to the Capital Area Recreation Inc. facility and being the exclusive provider of local access, internet, data and long distance services, Bell Aliant committed to providing the organization, through the City, with an annual sponsorship of \$20,000 which is included in general and administrative sponsorship revenue. This agreement remains in effect until December 31, 2024.

*Lessee Commitments*

The organization has entered into a ninety-nine year lease agreement with the University of Prince Edward Island to lease the land on which the facility is built upon at a cost of \$5.00 per year.

The organization has entered into an operating lease for office equipment. The future minimum annual payments as of March 31, 2021 are:

	<b>\$</b>	
Year ending March 31, 2022		2,331
2023		1,165

*Capital Commitments*

During the year, the organization has entered into various construction contracts in relation to building upgrades and renovations. At March 31, 2021, committed capital construction contracts totaled \$1,712,705 with \$1,290,478 yet to be disbursed.

**13 Property taxes**

Property tax expense represents both the provincial and the municipal portion of the property taxes. The property tax rebate represents the amount of property taxes the City of Charlottetown has waived during the year as well as a grant in lieu of property taxes received from the Province of Prince Edward Island.

**14 Economic dependence**

Capital Area Recreation Inc. is economically dependent on funding from various sources for its operations and investment in capital assets. Loss of funding from these sources would have a significant impact on the organization's ability to continue as a going concern.

# Capital Area Recreation Inc.

*(Operating as Bell Aliant Centre)*

Notes to Financial Statements

March 31, 2021

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## 15 Prior period adjustment

During the 2021 audit it was discovered that capital construction funding contributions were overstated by \$121,800 as the partners' capital contributions for the period April 1, 2019 to March 31, 2020. In addition, specific funding for operating activities were recorded as additions to capital construction funding in error.

As a result, the following items appearing in the March 31, 2020 financial statements have been increased (decreased) by the following amounts:

### Effect on the Statement of Financial Position (as at March 31, 2020)

	\$
Accounts receivable	(121,800)
Capital construction funding	(119,562)
Unrestricted net liabilities	(121,800)
Investment in capital assets	119,561

### Effect on Statement of Changes in Net Assets (for the year ended March 31, 2021)

	\$
Unrestricted operating and commercial tenants - opening	(121,800)
Investment in capital assets - opening	119,561

### Effect on Statement of Operations (for the year ended March 31, 2020)

	\$
Amortization of capital construction funding	(15,502)
Amortization of grants	13,263
Excess of revenue over expenditures for the year	(2,239)



**Capital Area Recreation Inc.**  
*(operating as Bell Aliant Centre)*  
 Statement of Revenues and Expenditures  
 Arena Operations  
 For the year ended March 31, 2021

	2021	2020
	\$	\$
<b>Revenues</b>		
Ice rentals	554,241	808,529
Signage and advertising	12,937	54,564
Sponsorship	7,588	7,607
Bar	-	13,864
Arena expenses recovered	-	670
	574,766	885,234
<b>Expenditures</b>		
Advertising	1,150	3,123
Bad debt expense	2,191	1,444
Cost of bar sales	576	10,630
Electricity	158,873	211,699
Office administration and supplies	76	331
Professional fees	-	100
Repairs and maintenance	34,938	38,917
Supplies	10,222	3,098
Uniforms and training	150	105
Wages	213,100	247,441
	421,276	516,888
<b>Excess of revenues over expenditures</b>	153,490	368,346

**Capital Area Recreation Inc.**  
*(operating as Bell Aliant Centre)*  
 Statement of Revenues and Expenditures  
 Aquatics Operations  
 For the year ended March 31, 2021

	2021	2020
	\$	\$
<b>Revenues</b>		
Swim instruction	44,651	474,412
Public swims/waterslides	28,686	183,127
Swim programs	24,169	120,107
Swim clubs/sports	40,244	110,702
Birthday parties and private bookings	(1,150)	12,961
Locker rentals	-	4,177
Sponsorship	3,250	3,250
Merchandise sales	3,304	17,188
Government assistance - Federal	-	13,740
	<u>143,154</u>	<u>939,664</u>
<b>Expenditures</b>		
Advertising	10,412	17,973
Bad debt expense	2,191	4,243
Birthday party expenses	1,358	20,410
Cost of merchandise sales	1,521	13,502
Electricity	131,111	171,077
Office administration and supplies	3,852	6,021
Professional fees	979	-
Pool chemicals	21,157	58,182
Repairs and maintenance	127,643	52,848
Staff training	486	653
Supplies	12,140	12,780
Uniforms	1,082	4,155
Wages	293,515	719,260
	<u>607,447</u>	<u>1,081,104</u>
<b>Deficiency of revenues over expenditures</b>	<u>(464,293)</u>	<u>(141,440)</u>

**Capital Area Recreation Inc.**  
*(operating as Bell Aliant Centre)*  
Statement of Revenues and Expenditures  
General and Administrative  
**For the year ended March 31, 2021**

	2021	2020
	\$	\$
<b>Revenues</b>		
Property tax rebates (note 13)	296,296	296,161
Sponsorship (note 12)	22,500	22,500
Recoverable expenses	-	6,982
Government assistance - Federal	40,000	-
Government assistance - Provincial	20,125	-
	<hr/> 378,921	<hr/> 325,643
<b>Expenditures</b>		
Advertising	1,391	2,699
Bank charges, interest and penalties	21,574	36,975
Insurance	25,438	22,113
Office administration and supplies	28,037	34,540
Professional fees	36,874	19,771
Property taxes (note 13)	297,440	298,018
Repairs and maintenance	90,910	96,702
Staff training	-	570
Telephone	23,018	23,961
Travel and entertainment	-	1,065
Uniforms	3,295	1,130
Utilities (note 11)	187,672	222,223
Wages	543,333	626,033
Water and sewer	13,619	25,712
	<hr/> 1,272,601	<hr/> 1,411,512
	(893,680)	(1,085,869)
Allocation from commercial tenants (page 19)	<hr/> 133,403	<hr/> 148,764
<b>Deficiency of revenues over expenditures</b>	<hr/> <b>(760,277)</b>	<hr/> <b>(937,105)</b>

**Capital Area Recreation Inc.**  
*(operating as Bell Aliant Centre)*  
 Statement of Revenues and Expenditures  
 Commercial Tenants  
 For the year ended March 31, 2021

	2021	2020
	\$	\$
<b>Revenues</b>		
Commercial tenants	130,442	170,248
Government assistance	27,759	-
Food concessions/vending machines	1,096	9,720
Parking	14,623	85,058
Municipal property tax rebate	14,785	14,771
Common area expenses recovered	21,879	42,253
	210,584	322,050
<b>Expenditures</b>		
Property taxes (note 13)	21,507	21,462
Repairs and maintenance	2,282	1,731
	23,789	23,193
	186,795	298,857
Allocation to general (page 18)	133,403	148,764
<b>Excess revenues over expenditures</b>	53,392	150,093