

La Corporation du Centre du Sablon
Financial Statements
December 31, 2022

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Independent Auditor's Report

To the Directors of
La Corporation du Centre du Sablon

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Qualified opinion

We have audited the financial statements of La Corporation du Centre du Sablon (hereafter "the Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies, and the schedules.

In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, 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.

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenues from various activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues from activities, excess of revenues over expenses and cash flows from operating activities for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021 and net assets as at January 1, 2021 and 2020 and December 31, 2022 and 2021. Our opinion on the financial statements for the year ended December 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Organization 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 qualified opinion.

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.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 Organization 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.

*Raymond Chabot Grant Thornton LLP*¹

Laval
March 23, 2023

¹ CPA auditor, public accountancy permit no. A121364

La Corporation du Centre du Sablon Operations

Year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
Revenues		
Subsidies		
Ville de Laval (Note 3)	593,890	598,740
Federal	154,089	184,363
Provincial (Note 8)	168,044	175,311
Amortization of deferred subsidies related to tangible capital assets and the right to use a parking space	4,600	12,600
Government assistance		10,000
	<u>920,623</u>	<u>981,014</u>
Programming		
Bingo activities	58,475	31,080
Activities for young children	420,304	288,656
Aquatic activities	425,328	183,254
Sports activities	101,735	56,049
Fitness centre activities	78,249	50,494
Community and cultural activities	65,435	34,525
Financing activities	13,104	15,022
Leasing of premises	111,625	29,042
Member dues	44,809	39,371
	<u>1,319,064</u>	<u>727,493</u>
	<u>2,239,687</u>	<u>1,708,507</u>
Expenses		
Operating expenses (Schedule A)	1,442,264	942,615
Programming expenses (Schedule B)	86,434	70,614
Administrative expenses (Schedule C)	446,372	288,428
Interest on bank loan		60
Amortization of tangible capital assets	54,316	80,051
Amortization of the right to use a parking space	1,600	1,600
	<u>2,030,986</u>	<u>1,383,368</u>
Excess of revenues over expenses	<u>208,701</u>	<u>325,139</u>

The accompanying notes and schedules are an integral part of the financial statements.

La Corporation du Centre du Sablon
Changes in Net Assets
 Year ended December 31, 2022

	<u>2022</u>		<u>2021</u>
	<u>Restricted for upgrades and future renovations</u>	<u>Unrestricted</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance, beginning of year	250,000	914,997	1,164,997
Excess of revenues over expenses		208,701	208,701
Balance, end of year	250,000	1,123,698	1,373,698
			839,858
			325,139

The accompanying notes and schedules are an integral part of the financial statements.

La Corporation du Centre du Sablon

Cash Flows

Year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	208,701	325,139
Non-cash items		
Amortization of deferred subsidies related to tangible capital assets and the right to use a parking space	(4,600)	(12,600)
Amortization of tangible capital assets	54,316	80,051
Amortization of the right to use a parking space	1,600	1,600
Net change in working capital items	<u>497,559</u>	<u>(305,677)</u>
Cash flows from operating activities	<u>757,576</u>	<u>88,513</u>
INVESTING ACTIVITIES		
Tangible capital assets and cash flows from investing activities	<u>(17,152)</u>	<u>(9,784)</u>
FINANCING ACTIVITIES		
Net change in bank loan		(5,000)
Long-term loan		10,000
Repayment of the obligation under a capital lease	<u>(1,160)</u>	<u>(1,163)</u>
Cash flows from financing activities	<u>(1,160)</u>	<u>3,837</u>
Net increase in cash	739,264	82,566
Cash, beginning of year	<u>905,523</u>	<u>822,957</u>
Cash, end of year	<u><u>1,644,787</u></u>	<u><u>905,523</u></u>

The accompanying notes and schedules are an integral part of the financial statements.

La Corporation du Centre du Sablon

Financial Position

December 31, 2022

	2022	2021
	\$	\$
ASSETS		
Current		
Cash	1,644,787	905,523
Trade and other receivables (Note 4)	8,311	353,791
Prepaid expenses	45,307	24,997
	<u>1,698,405</u>	<u>1,284,311</u>
Long-term		
Tangible capital assets (Note 5)	57,382	94,546
Right to use a parking space	20,800	22,400
	<u>1,776,587</u>	<u>1,401,257</u>
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 6)	88,979	34,890
Deferred revenues	198,317	122,133
Provincial subsidies received in advance (Note 8)	42,116	
Current portion of the obligation under a capital lease	677	1,160
	<u>330,089</u>	<u>158,183</u>
Long-term		
Long-term debt (Note 9)	40,000	40,000
Obligation under a capital lease (Note 10)		677
Deferred subsidies related to tangible capital assets and the right to use a parking space (Note 11)	32,800	37,400
	<u>402,889</u>	<u>236,260</u>
NET ASSETS		
Restricted for upgrades and future renovations	250,000	250,000
Unrestricted	1,123,698	914,997
	<u>1,373,698</u>	<u>1,164,997</u>
	<u>1,776,587</u>	<u>1,401,257</u>

The accompanying notes and schedules are an integral part of the financial statements.

On behalf of the Board,

Director

Director

La Corporation du Centre du Sablon

Notes to Financial Statements

December 31, 2022

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization, incorporated under Part III of the Companies Act (Quebec), operates a fitness centre and establishes, develops and operates a recreation centre for young children, teenagers, adults, seniors and families. It is a not-for-profit organization as defined in the Income Tax Act.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and schedules. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the entity is in the capacity of management (and members of the immediate family) are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Organization's financial assets and liabilities from related party transactions are measured at cost.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost or using the cost method, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

La Corporation du Centre du Sablon

Notes to Financial Statements

December 31, 2022

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Subsidies and government assistance

The Organization follows the deferral method of accounting for subsidies and government assistance. Under this method, subsidies restricted for future period expenses are deferred and are recognized as revenues in the year in which the related expenses are incurred. Unrestricted subsidies are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government assistance related to current expenses is accounted for as a reduction of the related expenses. Government assistance is accrued in the year in which the current expenses are incurred, provided that the Organization is reasonably certain that it will be received.

Since government assistance resulting from the Canada Emergency Wage Subsidy may be examined by the tax authorities, retroactive application clarifications were introduced after the program was announced and some rules may be interpreted differently by the tax authorities, it is possible that the amounts granted will differ from the amounts recorded.

The loan from a government body, which contains a clause exempting the Organization from making repayments as long as it satisfies the terms and conditions specified at the time the loan was granted, is accounted for using the previously described accounting policy. Any debt resulting from the obligation to repay this government assistance is accounted for in the year during which the terms and conditions resulting in repayment occur.

Other revenues

The Organization's programming revenues, leasing of premises and member dues from credit activities are recognized when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Services have been rendered;
- The price to the buyer is fixed or determinable;
- Collection is reasonably assured or upon receipt.

When the previously mentioned criteria are not met, amounts received or receivable are accounted for as deferred revenues.

The programming revenues, leasing of premises and member dues from cash activities are recognized when services have been rendered and events have occurred.

Tangible capital assets and right to use a parking space

Tangible capital assets and the right to use a parking space acquired are recorded at cost. When the Organization receives contributions of tangible capital assets or the right to use a parking space, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets or the right to use a parking space, or at a nominal value if fair value cannot be reasonably determined.

La Corporation du Centre du Sablon

Notes to Financial Statements

December 31, 2022

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amortization

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

	<u>Rates</u>
Leasehold improvements and fitness centre	10%
Computer, office, pool and fitness equipment, signboard and fence	20%

The right to use a parking space is amortized on a straight-line basis over a period of 25 years ending in December 2035.

Deferred subsidies are amortized on the same basis as the tangible capital assets and the right to use a parking space to which they are related.

Write-down

When conditions indicate that a tangible capital asset or the right to use a parking space is impaired, the net carrying amount of the tangible capital asset or right to use a parking space is written down to its fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Contributed supplies and services

The Organization recognizes contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

3 - TRANSACTIONS WITH VILLE DE LAVAL

During the year, the Organization concluded the following transactions with Ville de Laval in the normal course of operations. The Organization received three subsidies totalling \$593,890 (four subsidies totalling \$598,740 in 2021). These transactions are measured at the exchange amount.

An agreement provides for an annual contribution of \$175,000 to manage the property. In addition, the Organization benefits free of charge from premises belonging to Ville de Laval. The amount of the lease has been recorded since it can be reasonably estimated at \$418,000. The consideration has been recorded as a subsidy for the same amount.

The Organization has an economic interest in Ville de Laval because the latter is a major contributor. Also, one member of the Organization's Board of Directors is appointed by Ville de Laval.

La Corporation du Centre du Sablon

Notes to Financial Statements

December 31, 2022

4 - TRADE AND OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
	\$	\$
Trade accounts receivable	5,026	12,000
Subsidies receivable		
Ville de Laval	750	8,841
Provincial	245	142,141
Government assistance receivable	2,290	186,961
Sales taxes receivable		3,848
	<u>8,311</u>	<u>353,791</u>

5 - TANGIBLE CAPITAL ASSETS

	<u>2022</u>			<u>2021</u>
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Leasehold improvements	436,988	427,494	9,494	36,296
Signboard	9,275	1,855	7,420	
Fitness centre	66,328	66,328		
Computer equipment	106,101	86,501	19,600	20,797
Office equipment	79,532	76,840	2,692	3,769
Pool equipment	23,652	23,652		
Fitness equipment	71,156	54,256	16,900	31,131
Fence	3,098	3,098		
Office equipment under a capital lease	6,385	5,109	1,276	2,553
	<u>802,515</u>	<u>745,133</u>	<u>57,382</u>	<u>94,546</u>

6 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2022</u>	<u>2021</u>
	\$	\$
Trade accounts payable	25,769	3,334
Salaries payable	16,942	5,011
Vacation payable	41,592	24,384
Sales taxes payable	2,515	
Seniors' club (Note 7)	821	821
Preschool (Note 7)	1,340	1,340
	<u>88,979</u>	<u>34,890</u>

Government remittances total \$2,515 as at December 31, 2022 (nil as at December 31, 2021).

7 - PROPERTY ADMINISTERED BY THE ORGANIZATION

The Organization has been appointed as an agent to manage a project in cooperation with other organizations.

La Corporation du Centre du Sablon

Notes to Financial Statements

December 31, 2022

8 - PROVINCIAL SUBSIDIES RECEIVED IN ADVANCE

The provincial subsidies received in advance represent subsidies received for the Community Recreation Centre's Financial Assistance Program which, under external restrictions, are intended to cover the operating expenses for the next year.

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of year		42,674
Amount recognized in operations	(161,772)	(117,674)
Amount received during the year	203,888	
Amount receivable		75,000
Balance, end of year	<u>42,116</u>	<u>-</u>

9 - LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
	\$	\$
Loan, secured by the Government of Canada, non-interest bearing until December 31, 2023	<u>40,000</u>	<u>40,000</u>

The Organization received a \$60,000 loan under the Canada Emergency Business Account program. If the Organization repays \$40,000 of the loan by December 31, 2023, no other amount will be payable. Otherwise, the loan balance will bear interest at 5% and will be repayable on maturity on December 31, 2025.

Since \$20,000 of the government assistance is forgivable if the Organization repays \$40,000 by December 31, 2023, an amount of \$10,000 was recognized in earnings at the time the government assistance was granted.

10 - OBLIGATION UNDER A CAPITAL LEASE

	<u>2022</u>	<u>2021</u>
	\$	\$
Obligation under a capital lease related to office equipment, without interest, payable in quarterly instalments of \$290, maturing in July 2023	677	1,837
Current portion	<u>677</u>	<u>1,160</u>
	<u>-</u>	<u>677</u>

La Corporation du Centre du Sablon

Notes to Financial Statements

December 31, 2022

11 - DEFERRED SUBSIDIES RELATED TO TANGIBLE CAPITAL ASSETS AND THE RIGHT TO USE A PARKING SPACE

	<u>2022</u>	<u>2021</u>
Subsidies	Accumulated amortization	Balance, end of year
\$	\$	\$
Related to leasehold improvements	134,000	122,000
Related to the right to use a parking space	40,000	19,200
	<u>174,000</u>	<u>141,200</u>
		<u>12,000</u>
		<u>37,400</u>

12 - COMMITMENT

The Organization has entered into an agreement which calls for payments of \$173,333 every year for janitorial services. This contract ends in December 2027 and is automatically renewable annually unless a party cancels the agreement by giving a 30-day written notice before the date of renewal.

13 - FINANCIAL RISKS

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are trade accounts receivable, subsidies receivable and government assistance receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

La Corporation du Centre du Sablon

Schedules

Year ended December 31, 2022

	SCHEDULE A	
	2022	2021
	\$	\$
OPERATING EXPENSES		
Salaries and employee benefits – Programming		
Activities for young children, net of government assistance of \$17,940 (\$127,955 in 2021)	339,291	178,921
Aquatic activities, net of government assistance of \$26,010 (\$49,577 in 2021)	279,625	118,231
Sports activities, net of government assistance of \$9,286 (\$22,958 in 2021)	86,032	46,538
Fitness centre activities, net of government assistance of \$3,885 (\$12,365 in 2021)	65,542	32,443
Community and cultural activities	77,078	18,535
Equipment maintenance	6,961	6,666
Maintenance service	166,954	122,148
Rental expense	418,000	418,000
Travel	2,781	1,133
	<u>1,442,264</u>	<u>942,615</u>
SCHEDULE B		
	2022	2021
	\$	\$
PROGRAMMING EXPENSES		
Bingo activities	2,961	2,975
Advertising and promotion	23,082	22,674
Equipment and supplies for activities	57,149	41,009
Miscellaneous	3,242	3,956
	<u>86,434</u>	<u>70,614</u>
SCHEDULE C		
	2022	2021
	\$	\$
ADMINISTRATIVE EXPENSES		
Salaries and employee benefits, net of government assistance of \$37,899 (\$79,089 in 2021)	282,872	160,047
Insurance	19,197	15,514
Office expenses	10,311	5,323
Telecommunications	10,380	7,827
Professional fees	29,095	27,861
Land maintenance	16,773	12,983
Office equipment maintenance	33,222	33,293
Office equipment rental	3,623	5,352
Bank charges	40,899	20,228
	<u>446,372</u>	<u>288,428</u>