

La Corporation du Centre du Sablon
Financial Statements
December 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at December 31, 2023 and 2022 and net assets as at January 1, 2023 and 2022 and December 31, 2023 and 2022. Our opinion on the financial statements for the year ended December 31, 2022 was also qualified 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 LLP¹

Laval
April 18, 2024

¹ CPA auditor, public accountancy permit no. A121364

La Corporation du Centre du Sablon

Operations

Year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
Revenues		
Subsidies		
Ville de Laval (Note 3)	611,547	593,890
Federal	106,937	154,089
Provincial	190,647	168,044
Other	37,755	
Amortization of deferred subsidies related to tangible capital assets and the right to use a parking space	4,600	4,600
	<u>951,486</u>	<u>920,623</u>
Programming		
Bingo activities	74,377	58,475
Activities for young children	483,852	420,304
Aquatic activities	557,681	425,328
Sports activities	127,518	101,735
Fitness centre activities	140,985	78,249
Community and cultural activities	87,695	65,435
Financing activities	42,622	13,104
Leasing of premises	199,845	111,625
Member dues	55,027	44,809
	<u>1,769,602</u>	<u>1,319,064</u>
	<u>2,721,088</u>	<u>2,239,687</u>
Expenses		
Operating expenses (Schedule A)	1,782,522	1,442,264
Programming expenses (Schedule B)	113,102	86,434
Administrative expenses (Schedule C)	526,895	446,372
Amortization of tangible capital assets	36,074	54,316
Amortization of the right to use a parking space	1,600	1,600
	<u>2,460,193</u>	<u>2,030,986</u>
Excess of revenues over expenses	<u>260,895</u>	<u>208,701</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, 2023

	2023		2022	
	Restricted for upgrades and future renovations	Unrestricted	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	250,000	1,123,698	1,373,698	1,164,997
Excess of revenues over expenses		260,895	260,895	208,701
Balance, end of year	250,000	1,384,593	1,634,593	1,373,698

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, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	260,895	208,701
Non-cash items		
Amortization of deferred subsidies related to tangible capital assets and the right to use a parking space	(4,600)	(4,600)
Amortization of tangible capital assets	36,074	54,316
Amortization of the right to use a parking space	1,600	1,600
Net change in working capital items	<u>28,978</u>	<u>497,559</u>
Cash flows from operating activities	<u>322,947</u>	<u>757,576</u>
INVESTING ACTIVITIES		
Tangible capital assets and cash flows from investing activities	<u>(5,443)</u>	<u>(17,152)</u>
FINANCING ACTIVITIES		
Repayment of the long-term loan	(40,000)	
Repayment of obligation under a capital lease	<u>(1,507)</u>	<u>(1,160)</u>
Cash flows from financing activities	<u>(41,507)</u>	<u>(1,160)</u>
Net increase in cash	275,997	739,264
Cash, beginning of year	<u>1,644,787</u>	<u>905,523</u>
Cash, end of year	<u>1,920,784</u>	<u>1,644,787</u>

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

La Corporation du Centre du Sablon

Financial Position

December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
ASSETS		
Current		
Cash	1,920,784	1,644,787
Trade and other receivables (Note 4)	25,024	8,311
Prepaid expenses	<u>30,354</u>	<u>45,307</u>
	1,976,162	1,698,405
Long-term		
Tangible capital assets (Note 5)	35,885	57,382
Right to use a parking space	<u>19,200</u>	<u>20,800</u>
	<u>2,031,247</u>	<u>1,776,587</u>
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 6)	93,152	88,979
Deferred revenues	211,119	198,317
Subsidies received in advance (Note 8)	55,879	42,116
Current portion of the obligation under a capital lease	<u>1,661</u>	<u>677</u>
	361,811	330,089
Long-term		
Loan, without interest		40,000
Obligation under a capital lease (Note 9)	6,643	
Deferred subsidies related to tangible capital assets and the right to use a parking space (Note 10)	<u>28,200</u>	<u>32,800</u>
	<u>396,654</u>	<u>402,889</u>
NET ASSETS		
Restricted for upgrades and future renovations	250,000	250,000
Unrestricted	<u>1,384,593</u>	<u>1,123,698</u>
	<u>1,634,593</u>	<u>1,373,698</u>
	<u>2,031,247</u>	<u>1,776,587</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, 2023

1 - GOVERNING STATUTES AND PURPOSES 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, 2023

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.

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.

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	10%
Computer, office, pool and fitness equipment and signboard	20%

La Corporation du Centre du Sablon

Notes to Financial Statements

December 31, 2023

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 four subsidies totalling \$649,302 (four subsidies totalling \$593,890 in 2022). These transactions are measured at the exchange amount.

An agreement provides for an annual contribution of \$193,547 (\$175,890 in 2022) 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.

4 - TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
Trade accounts receivable	10,958	5,026
Subsidies receivable		
Ville de Laval	13,436	750
Provincial	630	245
Government assistance receivable		2,290
	<u>25,024</u>	<u>8,311</u>

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Notes to Financial Statements
December 31, 2023

5 - TANGIBLE CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Leasehold improvements	436,988	434,574	2,414	9,494
Signboard	9,275	3,710	5,565	7,420
Fitness centre	66,328	66,328		
Computer equipment	106,345	95,624	10,721	19,600
Office equipment	79,532	77,917	1,615	2,692
Pool equipment	28,852	24,172	4,680	
Fitness equipment	71,156	68,487	2,669	16,900
Fence	3,098	3,098		
Office equipment under a capital lease	9,134	913	8,221	1,276
	810,708	774,823	35,885	57,382

During the year, the Organization acquired office equipment amounting to \$9,134 by way of a capital lease.

6 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2023	2022
	\$	\$
Trade accounts payable	15,815	25,769
Salaries payable	21,444	16,942
Vacation payable	52,315	41,592
Sales taxes payable	1,518	2,515
Seniors' club (Note 7)	720	821
Preschool (Note 7)	1,340	1,340
	93,152	88,979

Government remittances total \$1,518 as at December 31, 2023 (\$2,515 as at December 31, 2022).

7 - ASSETS MANAGED BY THE ORGANIZATION

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

La Corporation du Centre du Sablon
Notes to Financial Statements
December 31, 2023

8 - SUBSIDIES RECEIVED IN ADVANCE

The subsidies received in advance represent subsidies received for various programs which, under external restrictions, are intended to cover the operating expenses for the next year.

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance, beginning of year	42,116	
Amount recognized in operations	(225,991)	(162,767)
Amount received during the year	225,688	203,888
Amount receivable	14,066	995
Balance, end of year	<u>55,879</u>	<u>42,116</u>

9 - OBLIGATION UNDER A CAPITAL LEASE

	<u>2023</u>	<u>2022</u>
	\$	\$
Obligation under a capital lease related to office equipment, without interest, payable in quarterly instalments of \$415, maturing in January 2029	8,304	677
Current portion	<u>1,661</u>	<u>677</u>
	<u>6,643</u>	<u>-</u>

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

	<u>2023</u>		<u>2022</u>	
	Subsidies	Accumulated amortization	Total	Total
	\$	\$	\$	\$
Related to leasehold improvements	134,000	125,000	9,000	12,000
Related to the right to use a parking space	<u>40,000</u>	<u>20,800</u>	<u>19,200</u>	<u>20,800</u>
	<u>174,000</u>	<u>145,800</u>	<u>28,200</u>	<u>32,800</u>

11 - 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.

12 - 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 and subsidies receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

La Corporation du Centre du Sablon
Notes to Financial Statements
December 31, 2023

12 - FINANCIAL RISKS (Continued)

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.

