
Financial statements of Canada Games Park

December 31, 2023

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Independent Auditor's Report

To the Consortium Partners of Canada Games Park

Opinion

We have audited the financial statements of Canada Games Park (the "Park"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in net financial assets (debt), and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Park as at December 31, 2023, and the results of its operations, change in net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Park 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.

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, 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 Park'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 Park or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Park'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 GAAS 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 GAAS, we exercise professional judgement 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 Park'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 Park'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 Park 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 17, 2024

Canada Games Park
Statement of financial position
As at December 31, 2023

	Notes	2023	2022
		\$	\$
Financial assets			
Cash		159,872	173,553
Accounts receivable	3	538,830	375,773
		698,702	549,326
Liabilities			
Accounts payable and accrued liabilities	4	526,109	394,038
Deferred revenue	5	129,156	210,609
		655,265	604,647
Net financial assets (debt)		43,437	(55,321)
Non-financial assets			
Tangible capital assets	Schedule 1	97,594,399	101,769,472
Inventories		2,207	—
Prepaid expenses		15,442	13,695
		97,612,048	101,783,167
Accumulated surplus	7	97,655,485	101,727,846

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

Approved by the Board

_____, Director

_____, Director

Canada Games Park
Statement of operations
Year ended December 31, 2023

Notes	2023 Budget \$	2023 Actual \$	2022 Actual \$
Revenues			
	2,099,760	1,792,135	652,595
	—	183,052	76,045
	—	11,333	9,019
2	766,200	908,839	1,325,151
	—	—	103,345,536
	2,865,960	2,895,359	105,408,346
Expenses			
	3,776,004	4,194,448	1,888,002
	11,442	24,263	3,003
	21,700	16,437	9,598
	3,800	117,416	38,088
	6,600	66,950	37,564
	9,200	9,150	4,269
	154,000	164,787	126,698
	129,150	131,670	126,000
	27,690	18,207	6,479
	12,780	11,807	8,658
	500	22,130	22,000
	600,000	414,343	285,584
	156,000	9,749	47,216
	650,001	565,210	444,600
	1,083,097	1,201,153	632,741
	6,641,964	6,967,720	3,680,500
	(3,776,004)	(4,072,361)	101,727,846
	101,727,846	101,727,846	—
	97,951,842	97,655,485	101,727,846

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

Canada Games Park

Statement of changes in net financial assets (debt)

Year ended December 31, 2023

	2023 Budget \$	2023 Actual \$	2022 Actual \$
Annual (deficit) surplus	(3,776,004)	(4,072,361)	101,727,846
Acquisition of tangible assets	—	(19,375)	(311,938)
Contributed tangible assets	—	—	(103,345,536)
Amortization of tangible capital assets	3,776,004	4,194,448	1,888,002
Change in inventory	—	(2,207)	—
Change in prepaid expenses	—	(1,747)	(13,695)
Change in net debt	—	98,758	(55,321)
Net debt, beginning of year	(55,321)	(55,321)	—
Net financial assets (debt), end of year	(55,321)	43,437	(55,321)

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

Canada Games Park
Statement of cash flows
Year ended December 31, 2023

	2023	2022
	\$	\$
Operating activities		
Annual (deficit) surplus	(4,072,361)	101,727,846
Items not involving cash		
Amortization of tangible capital assets	4,194,448	1,888,002
Contribution of tangible capital assets	—	(103,345,536)
Change in non-cash assets and liabilities		
Accounts receivable	(163,057)	(375,773)
Prepaid expenses	(1,747)	(13,695)
Inventories	(2,207)	—
Accounts payable and accrued liabilities	132,071	394,038
Deferred revenue	(81,453)	210,609
Net change in cash from operating activities	5,694	485,491
Capital activity		
Acquisition of tangible capital assets	(19,375)	(311,938)
(Decrease) increase in cash	(13,681)	173,553
Cash, beginning of year	173,553	—
Cash, end of year	159,872	173,553

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

Canada Games Park
Notes to the financial statements
December 31, 2023

Canada Games Park (the "Park") is a multi-purpose sports facility located in Thorold, Ontario, consisting of a Sport and Ability Centre with two arenas, a quadruple gym, indoor track, fitness facilities and office space, and an outdoor sport complex with beach volleyball courts and an athletics facility. Construction of the Park was initiated by the Canada Summer Games Host Society and taken over by the Regional Municipality of Niagara in 2021. The Park, which commenced operations on January 1, 2022, is constructed on land owned by and leased from Brock University for \$1 per year, and was substantially complete on February 7, 2022. On this date, the asset was transferred to the Canada Games Park Consortium. The ownership of the Park is shared equally by Brock University, the City of St. Catharines, the City of Thorold and the Regional Municipality of Niagara, under a Consortium and Co-Tenancy Agreement. The Region of Niagara does not participate in the revenues or operating expenses of the Park, with the exception of property insurance. Revenues and operating costs are shared by the participating consortium members, Brock University, the City of St. Catharines and the City of Thorold in equal one-third (1/3) shares.

1. Significant accounting policies

The financial statements of Canada Games Park (the "Park") are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

Significant accounting policies adopted by the Park are as follows:

(a) Basis of accounting

The Park follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of a receipt of goods and services and/or the creation of legal obligation to pay.

The financial statements exclude reserve funds held in trust by the Region of Niagara (Note 6).

(b) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	20
Building and building improvements	10
Machinery and equipment	5 - 15
Water and wastewater infrastructure	50
Road's infrastructure	25
Furniture and fixtures	10
Information technology	5

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service. Gains and/or losses on the disposal of an asset are recorded on the Statement of Operations as gain/loss on disposal of tangible assets.

1. Significant accounting policies (continued)

(b) Non-financial assets (continued)

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are recorded as revenue.

(c) Revenues

Revenues, including rentals, concessions, catering, and advertising, are reported as revenue in the period earned and collection is reasonably assured. Unrestricted contributions are recorded in the period received. Restricted contributions are deferred and recognized as revenue in the same fiscal periods in which the related expenses are incurred.

(d) Deferred revenue

Deferred revenue represents payments received in advance for rentals scheduled in a future period and funding received from participating Consortium partners for building deficiencies, equipment and supplies required to open and operate the facility. These amounts will be recognized as revenue in the periods in which the rentals occur or the related expenses are incurred.

(e) Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts 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 year. Accounts subject to significant estimates include tangible capital assets, contributed tangible capital assets and accrued liabilities. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

(f) Change in accounting policy – adoption of new accounting standards

PS 3450 – Financial Instruments

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

1. Significant accounting policies (continued)

(f) Change in accounting policy – adoption of new accounting standards (continued)

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As the remeasurement gain (loss) resulting from the adoption of the above accounting standards is nominal to the financial statements of the Park, a Statement of Remeasurement Gains and Losses has not been prepared.

PS 3280 – Asset Retirement Obligations

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

This standard was adopted on January 1, 2023 on a prospective basis, and had no impact on the financial statements of the Park.

Canada Games Park
Notes to the financial statements
December 31, 2023

2. Related party transactions

Transactions with related parties are measured at the carrying amount. During the year, the Park recorded the following transactions with related parties:

Revenue

	Brock University	City of St. Catharines	City of Thorold	Region of Niagara	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$
Rentals	662,967	157,065	175,372	—	995,404	297,935
Contributions						
Operating deficit	255,400	255,400	255,400	—	766,200	830,319
Property insurance	—	—	—	29,283	29,283	111,073
Start up costs (Note 5)	37,786	37,785	37,785	—	113,356	183,759
	293,186	293,185	293,185	29,283	908,839	1,125,151
	956,153	450,250	468,557	29,283	1,904,243	1,423,086

Participating consortium members contributed \$766,200 (\$255,400 each) (\$830,319 (\$276,773 each) in 2022) to fund an anticipated 2023 operating deficit.

Each of the participating consortium partners has an accounts receivable balance (see Note 3) and contributed \$338,430 (\$112,810 each) to the Park to fund initial costs incurred to effectively open and commence operations of the Park, of which \$113,356 was expended in 2023 (\$183,759 expended in 2022). The remaining \$41,315 balance (\$154,671 in 2022) is recorded as deferred revenue for use in 2024 (Note 5).

3. Accounts receivable

Accounts receivable is comprised of the following:

	2023	2022
	\$	\$
Facility rentals	154,984	78,849
Related party		
Brock University	113,283	157,285
City of St. Catharines	143,991	45,404
City of Thoroid	108,991	45,054
Employee uniforms	—	1,256
Harmonized Sales Tax recoverable	17,705	48,050
	538,954	375,897
Less: allowance for doubtful accounts	(124)	(124)
	538,830	375,773

4. Accounts payable and accrued liabilities

The Park operates on a shared services model for management and administrative support, in conjunction with the Meridian Centre, owned by the City of St. Catharines. A portion of relevant expenditures incurred by the Meridian Centre are allocated to Canada Games Park.

Accounts payable and accrued liabilities are comprised of the following:

	2023	2022
	\$	\$
Accounts payable	193,290	159,774
Accrued expenses	142,174	194,103
Due to City of St. Catharines	190,645	40,161
	526,109	394,038

5. Deferred revenue

The contributions relating to startup costs of \$338,430 (\$112,810 per contributing partner) were received from the applicable members in April 2022. The startup contributions are to be used to effectively open and commence operations. During 2023, \$113,356 (\$183,759 in 2022) of startup costs were incurred. The unused amount of startup contributions of \$41,315 (\$154,671 in 2022) is reported as deferred revenue and will be recognized as contribution revenue when related expenses are incurred.

Deferred revenue is comprised of the following:

	2023	2022
	\$	\$
Prepaid facility rentals	87,841	55,939
Deferred contributions - start-up/deficiency expenses	41,315	154,671
	129,156	210,610

Deferred contribution activity is as follows:

	Brock University	City of St. Catharines	City of Thorold	Region of Niagara	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$
Deferred contributions - start-up/deficiency expenses, beginning of year	51,557	51,557	51,557	—	154,671	—
Contributions received	—	—	—	—	—	338,430
Contributions recognized	(37,786)	(37,785)	(37,785)	—	(113,356)	(183,759)
Deferred contributions - start-up/deficiency expenses, end of year	13,771	13,772	13,772	—	41,315	154,671

6. Capital reserve held by the Regional Municipality of Niagara

As part of the Consortium and Co-tenancy Agreement between the Corporation of the City of St. Catharines, the Corporation of the City of Thorold, the Regional Municipality of Niagara and Brock University, each party will deposit on each anniversary date of project completion, it's proportionate share (25%) of an amount equal to 1.5% of the initial hard costs of constructing the Park, to be indexed annually based on the RSMeans Construction Index, to be held in a trust account in the name of the parties. The Region will distribute funds to the Park's operator to execute capital works in alignment with approved budgets and minutes from the Consortium Partners. Capital reserve activity during the year is as follows:

	Brock University	City of St. Catharines	City of Thorold	Region of Niagara	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$
Capital reserve, beginning of year	369,000	369,000	369,000	369,000	1,476,000	—
Contributions	414,000	414,000	414,000	414,000	1,656,000	1,476,000
Capital reserve, end of year	783,000	783,000	783,000	783,000	3,132,000	1,476,000

Each of the four Consortium partners contributed \$414,000 to the 2023 \$1,656,000 capital reserve (\$369,000 in 2022).

7. Accumulated surplus

Accumulated surplus consists of the following:

	2023	2022
	\$	\$
Investment in tangible capital assets	97,594,399	101,769,472
Operating fund	61,086	(41,626)
Accumulated surplus, end of year	97,655,485	101,727,846

8. Economic dependence

The Park receives a significant portion of its revenues from Brock University, the City of St. Catharines, and the City of Thorold. In addition, as participating Consortium partners, these parties are obligated to subsidize the Park for any excess of expenses over revenue.

9. Capital budget

As the capital budget was not formally approved by the Consortium Management Committee, no capital budget figures have been presented in these financial statements.

Canada Games Park
Schedule 1 - Tangible capital assets
Year ended December 31, 2023

	Cost			Accumulated amortization			2023 Net book value end of year \$	2022 Net book value end of year \$
	Balance, beginning of year \$	Additions/ transfers \$	Disposals \$	Balance, end of year \$	Amortization expense \$	Disposals \$		
Land improvements	19,332,456	—	—	19,332,456	853,980	—	1,236,515	18,949,922
Building and building improvements	75,763,911	—	—	75,763,911	2,671,457	—	3,868,125	74,567,243
Machinery & equipment	2,143,800	—	—	2,143,800	241,900	—	359,375	2,026,325
Water and wastewater infrastructure	2,620,643	—	—	2,620,643	44,040	—	63,768	2,600,915
Roads infrastructure	1,894,677	—	—	1,894,677	75,787	—	109,736	1,860,728
Furniture and fixtures	731,140	19,375	—	750,515	34,321	—	67,073	698,388
Information technology	1,170,847	—	—	1,170,847	272,963	—	377,858	1,065,951
	103,657,474	19,375	—	103,676,849	4,194,448	—	6,082,450	101,769,472