

LLOYDMINSTER FACILITIES CORPORATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

LLOYDMINSTER FACILITIES CORPORATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD

LLOYDMINSTER FACILITIES CORPORATION

We have audited the accompanying financial statements of the Lloydminster Facilities Corporation, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and accumulated surplus (deficit), change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Lloydminster Facilities Corporation as at December 31, 2015, and the financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script that reads 'Wilkinson Livingston Stevens LLP'.

Lloydminster, Alberta
March 31, 2016

Chartered Accountants

LLOYDMINSTER FACILITIES CORPORATION

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	2015	2014
Financial Assets		
Cash	207,653	161,425
Accounts receivable	26,035	56,601
Investments	<u>1,781</u>	<u>1,675</u>
	<u>235,469</u>	<u>219,701</u>
Financial Liabilities		
Accounts payable and accrued liabilities	89,120	83,678
Deferred revenue (Note 5)	60,533	93,601
Employee benefit obligations	16,100	41,548
Obligations under capital lease (Note 6)	104,836	133,762
Due to City of Lloydminster (Note 8)	<u>679,940</u>	<u>573,836</u>
	<u>950,529</u>	<u>926,425</u>
Net Debt	<u>(715,060)</u>	<u>(706,724)</u>
Non-Financial Assets		
Inventory for consumption	79,678	82,778
Prepaid expenses	27,582	8,595
Tangible capital assets (Note 4)	<u>155,678</u>	<u>200,479</u>
	<u>262,938</u>	<u>291,852</u>
Accumulated Surplus (Deficit) (Page 4)	\$ <u>(452,122)</u>	\$ <u>(414,872)</u>

Commitments (Note 7)

Approved On Behalf Of Board

Director Director 

LLOYDMINSTER FACILITIES CORPORATION

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)
YEAR ENDED DECEMBER 31, 2015

	Budget (Unaudited)	2015	2014
Revenue			
User fees and sales of goods	2,409,350	2,408,259	2,455,541
Investment income	-	2,418	1,508
Other	<u>(250)</u>	<u>323</u>	<u>380</u>
	<u>2,409,100</u>	<u>2,411,000</u>	<u>2,457,429</u>
Expenditures			
Salaries, wages and benefits	1,254,000	1,232,511	1,190,797
Contracted and general services	463,000	269,566	316,087
Materials, goods and utilities	692,680	860,794	974,907
Interest and bank charges	30,400	40,578	41,486
Amortization	<u>20,000</u>	<u>44,801</u>	<u>23,521</u>
	<u>2,460,080</u>	<u>2,448,250</u>	<u>2,546,798</u>
Excess (Deficiency) Of Revenue Over Expenditures	\$ <u>(50,980)</u>	(37,250)	(89,369)
Accumulated Surplus (Deficit), Beginning of Year		<u>(414,872)</u>	<u>(325,503)</u>
Accumulated Surplus (Deficit), End of Year		\$ <u>(452,122)</u>	\$ <u>(414,872)</u>

LLOYDMINSTER FACILITIES CORPORATION

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	2015	2014
Cash Provided By (Used In):		
Operating Activities		
Excess (deficiency) of revenues over expenditures	(37,250)	(89,369)
Amortization	44,801	23,521
Gain (loss) on sale of tangible capital assets	-	-
Net change in non-cash operating working capital balances:		
Decrease (increase) in accounts receivables	30,566	75,640
Decrease (increase) in investments	(106)	(108)
Decrease (increase) in inventory for consumption	3,100	(198)
Decrease (increase) in prepaid expenses	(18,987)	17,684
Increase (decrease) in accounts payable and accrued liabilities	5,442	33,755
Increase (decrease) in employee benefit obligations	(25,448)	7,939
Increase (decrease) in deferred revenue	(33,068)	42,596
Increase (decrease) in due to City of Lloydminster	<u>106,104</u>	<u>(14,920)</u>
	<u>75,154</u>	<u>96,540</u>
Capital Activities		
Acquisition of tangible capital assets	<u>-</u>	<u>(106,400)</u>
Financing Activities		
Obligations under capital lease advanced (repaid)	<u>(28,926)</u>	<u>73,740</u>
Increase in cash during the year	46,228	63,880
Cash, Beginning of Year	<u>161,425</u>	<u>97,545</u>
Cash At End	<u>\$ 207,653</u>	<u>\$ 161,425</u>

LLOYDMINSTER FACILITIES CORPORATION

STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED DECEMBER 31, 2015

	2015	2014
Excess (Deficiency) Of Revenue Over Expenditures	(37,250)	(89,369)
Amortization of tangible capital assets	44,801	23,521
Change in inventory for consumption	3,100	(198)
Change in prepaid expenses	(18,987)	17,684
Acquisition of tangible capital assets	<u>-</u>	<u>(106,400)</u>
Increase (Decrease) in Net Debt	(8,336)	(154,762)
Net Debt, Beginning Of Year	<u>(706,724)</u>	<u>(551,962)</u>
Net Debt, End Of Year	<u>\$ (715,060)</u>	<u>\$ (706,724)</u>

LLOYDMINSTER FACILITIES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**1. Purpose of the Organization**

The Lloydminster Facilities Corporation was incorporated under the provisions of the Non-Profit Corporations Act of Saskatchewan on October 28, 2010 and operates the Lloydminster Golf and Curling Centre.

2. Significant Accounting Policies

The financial statements of the Lloydminster Facilities Corporation (the "Corporation") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The significant accounting policies are summarized as follows:

a) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

c) Revenue Recognition

User fees and sales of goods are recognized when goods or services are provided to the purchaser at the point of sale.

d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to 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. The estimated useful life of machinery and equipment is 5 years. Amortization is not charged in the year of acquisition.

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

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease. Assets recorded under capital leases are amortized on the same straight-line method described above.

LLOYDMINSTER FACILITIES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

2. Significant Accounting Policies (cont'd)

e) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost adjusted by transaction costs, which are amortized over the expected life of this instrument.

f) Inventories

Inventories are valued at the lower of cost or net realizable value as estimated by management. Cost is determined by using a first in, first out method.

3. Financial Instruments

The Corporation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due to the City of Lloydminster accounts.

Interest rate risk

Interest rate risk is the risk to the Corporation's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates.

Credit risk

The Corporation is exposed to credit risk on receivables from customers. Credit risk is considered to be minimal due to the nature of the Corporation's operations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of funds from its customers and accounts payable.

4. Tangible Capital Assets

	2015	2014
Machinery & Equipment - Cost		
Balance, beginning of year	224,000	117,600
Additions	<u>-</u>	<u>106,400</u>
Balance, end of year	224,000	224,000
Machinery & Equipment - Accumulated Amortization		
Balance, beginning of year	23,521	-
Amortization	<u>44,801</u>	<u>23,521</u>
Balance, end of year	<u>68,322</u>	<u>23,521</u>
Net Book Value of Tangible Capital Assets	<u>\$ 155,678</u>	<u>\$ 200,479</u>

LLOYDMINSTER FACILITIES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**5. Deferred Revenue**

Deferred revenue consists of funds received which relate to future periods, as follows:

	2015	2014
Outstanding gift certificates	54,041	49,469
Prepaid golf memberships	<u>6,492</u>	<u>44,132</u>
	<u>\$ 60,533</u>	<u>\$ 93,601</u>

6. Obligations Under Capital Lease

	2015	2014
a) Capital leases - golf carts	32,845	47,076
b) Capital lease - reelmasters	<u>71,991</u>	<u>86,686</u>
	<u>\$ 104,836</u>	<u>\$ 133,762</u>

a) The capital lease bears interest at a rate of 9.507% per annum, repayable in blended payments of \$3,041 for the months of May through October each year. The lease matures on November 1, 2017 and is secured by the specified equipment.

b) The capital lease bears interest at a rate of 7.50% per annum, repayable in blended payments of \$3,472 for the months of May through October each year and a \$20,571 option to purchase at the end of the lease. The lease matures on November 1, 2018 and is secured by the specified equipment.

The following is a schedule of future minimum lease payments together with the balance of the obligation under capital lease.

2016	39,078
2017	39,078
2018	41,403
2019	<u>-</u>
Total minimum lease payments	119,559
Less: amounts representing interest	<u>(14,723)</u>
	<u>\$ 104,836</u>

Included in interest and bank charges is \$10,152 of interest paid on capital lease obligations.

7. Commitments

The Corporation has entered into an agreement for maintenance services for a period up to April 30, 2016. Future minimum payments under the agreement are:

2016	<u>\$ 15,999</u>
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LLOYDMINSTER FACILITIES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**8. Related parties**

The following is a summary of the Corporation's related party transactions:

The City of Lloydminster exercises control over the Corporation by virtue that City Council appoints and has representation on the Corporation's board. Also, the Corporation's ongoing operations depend on continued funding from the City of Lloydminster. The City of Lloydminster also performs accounting services for the Corporation.

Related party transactions

	2015	2014
Due to City of Lloydminster	\$ 679,940	\$ 573,836

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Advances from a related party company is non-interest bearing and has no set repayment terms.

9. Approval of Financial Statements

The Board and Management have approved these financial statements.