

**LLOYDMINSTER FACILITIES CORPORATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**LLOYDMINSTER FACILITIES CORPORATION**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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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, 2016, 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, 2016, and the financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Wilkinson Livingston Stevens LLP*

Lloydminster, Alberta  
March 30, 2017

Chartered Accountants

## LLOYDMINSTER FACILITIES CORPORATION

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016

	2016	2015
<b>Financial Assets</b>		
Cash	134,526	207,653
Accounts receivable	41,277	26,035
Investments	<u>1,899</u>	<u>1,781</u>
	<u>177,702</u>	<u>235,469</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	57,701	89,120
Deferred revenue (Note 5)	58,984	60,533
Employee benefit obligations	21,729	16,100
Obligations under capital lease (Note 6)	73,355	104,836
Due to City of Lloydminster (Note 8)	<u>920,914</u>	<u>679,940</u>
	<u>1,132,683</u>	<u>950,529</u>
<b>Net Debt</b>	<u>(954,981)</u>	<u>(715,060)</u>
<b>Non-Financial Assets</b>		
Inventory for consumption	94,904	79,678
Prepaid expenses	9,099	27,582
Tangible capital assets (Note 4)	<u>110,877</u>	<u>155,678</u>
	<u>214,880</u>	<u>262,938</u>
<b>Accumulated Surplus (Deficit) (Page 4)</b>	\$ <u>(740,101)</u>	\$ <u>(452,122)</u>
<b>Commitments (Note 7)</b>		

Approved On Behalf Of Board

Director Director 

## LLOYDMINSTER FACILITIES CORPORATION

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)  
YEAR ENDED DECEMBER 31, 2016

	Budget (Unaudited)	2016	2015
<b>Revenue</b>			
User fees and sales of goods	2,409,100	2,062,167	2,408,259
Investment income	-	1,456	2,418
Other	-	73	323
	<u>2,409,100</u>	<u>2,063,696</u>	<u>2,411,000</u>
<b>Expenditures</b>			
Salaries, wages and benefits	1,254,000	1,197,808	1,232,511
Contracted and general services	463,000	262,091	269,566
Materials, goods and utilities	692,680	810,340	860,794
Interest and bank charges	35,000	36,635	40,578
Amortization	20,000	44,801	44,801
	<u>2,464,680</u>	<u>2,351,675</u>	<u>2,448,250</u>
<b>Excess (Deficiency) Of Revenue Over Expenditures</b>	\$ <u>(55,580)</u>	(287,979)	(37,250)
Accumulated Surplus (Deficit), Beginning of Year		<u>(452,122)</u>	<u>(414,872)</u>
<b>Accumulated Surplus (Deficit), End of Year</b>		\$ <u>(740,101)</u>	\$ <u>(452,122)</u>

## LLOYDMINSTER FACILITIES CORPORATION

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2016

	2016	2015
<b>Cash Provided By (Used In):</b>		
Operating Activities		
Excess (deficiency) of revenues over expenditures	(287,979)	(37,250)
Amortization	44,801	44,801
Net change in non-cash operating working capital balances:		
Decrease (increase) in accounts receivables	(15,242)	30,566
Decrease (increase) in investments	(118)	(106)
Decrease (increase) in inventory for consumption	(15,226)	3,100
Decrease (increase) in prepaid expenses	18,483	(18,987)
Increase (decrease) in accounts payable and accrued liabilities	(31,419)	5,442
Increase (decrease) in employee benefit obligations	5,629	(25,448)
Increase (decrease) in deferred revenue	(1,549)	(33,068)
Increase (decrease) in due to City of Lloydminster	<u>240,974</u>	<u>106,104</u>
	<u>(41,646)</u>	<u>75,154</u>
Financing Activities		
Obligations under capital lease advanced (repaid)	<u>(31,481)</u>	<u>(28,926)</u>
<b>Increase (decrease) in cash during the year</b>	(73,127)	46,228
Cash, Beginning of Year	<u>207,653</u>	<u>161,425</u>
<b>Cash At End</b>	<u>\$ 134,526</u>	<u>\$ 207,653</u>

## LLOYDMINSTER FACILITIES CORPORATION

STATEMENT OF CHANGE IN NET DEBT  
YEAR ENDED DECEMBER 31, 2016

	2016	2015
<b>Excess (Deficiency) Of Revenue Over Expenditures</b>	(287,979)	(37,250)
Amortization of tangible capital assets	44,801	44,801
Change in inventory for consumption	(15,226)	3,100
Change in prepaid expenses	<u>18,483</u>	<u>(18,987)</u>
<b>Increase (Decrease) in Net Debt</b>	(239,921)	(8,336)
Net Debt, Beginning Of Year	<u>(715,060)</u>	<u>(706,724)</u>
<b>Net Debt, End Of Year</b>	<u>\$ (954,981)</u>	<u>\$ (715,060)</u>

## LLOYDMINSTER FACILITIES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**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 Canadian public sector accounting standards. 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, 2016**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**

	<b>2016</b>	<b>2015</b>
Machinery & Equipment - Cost		
Balance, end of year	224,000	224,000
Machinery & Equipment - Accumulated Amortization		
Balance, beginning of year	68,322	23,521
Amortization	<u>44,801</u>	<u>44,801</u>
Balance, end of year	<u>113,123</u>	<u>68,322</u>
Net Book Value of Tangible Capital Assets	<u>\$ 110,877</u>	<u>\$ 155,678</u>

## LLOYDMINSTER FACILITIES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**5. Deferred Revenue**

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

	2016	2015
Other deferred revenue	544	-
Outstanding gift certificates	58,440	54,041
Prepaid golf memberships	<u>-</u>	<u>6,492</u>
	<u>\$ 58,984</u>	<u>\$ 60,533</u>

**6. Obligations Under Capital Lease**

	2016	2015
a) Capital leases - golf carts	17,200	32,845
b) Capital lease - reelmasters	<u>56,155</u>	<u>71,991</u>
	<u>\$ 73,355</u>	<u>\$ 104,836</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.

2017	39,078
2018	41,403
2019	-
2020	<u>-</u>
Total minimum lease payments	80,481
Less: amounts representing interest	<u>(7,126)</u>
	<u>\$ 73,355</u>

Included in interest and bank charges is \$7,539.86 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, 2017. Future minimum payments under the agreement are:

2017	<u>\$ 15,999</u>
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## LLOYDMINSTER FACILITIES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**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**

	2016	2015
Due to City of Lloydminster	\$ 920,914	\$ 679,940

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.