

The Corporation of the City of St. Catharines, Ontario

Financial Statements

Year ended December 31, 2022

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Consolidated Financial Statements of

**THE CORPORATION
OF THE CITY OF
ST. CATHARINES**

And Independent Auditor's Report thereon

Year ended December 31, 2022

REPORT ON MANAGEMENT RESPONSIBILITY

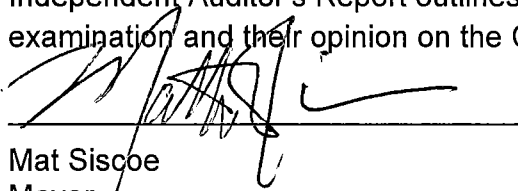
The accompanying consolidated financial statements of The Corporation of the City of St. Catharines (the "City") are the responsibility of the City's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


City management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



Mat Siscoe
Mayor
September 21, 2023



David Oakes
Chief Administrative Officer
September 21, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of St. Catharines

Opinion

We have audited the consolidated financial statements of The Corporation of the City of St. Catharines (the "Corporation"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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. 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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

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

Auditor's Responsibility 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 the 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.



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- 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 Corporation'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 Corporation'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 Corporation 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

September 21, 2023

THE CORPORATION OF THE CITY OF ST. CATHARINES
Consolidated Financial Statements

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THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Financial Position

Year ended December 31, 2022, with comparative information for 2021
(In thousands of dollars)

	2022	2021
Financial Assets		
Cash	\$ 89,816	\$ 108,787
Investments (note 2)	43,024	24,994
Taxes receivable	10,466	8,456
Accounts receivable	34,081	25,310
Inventories held for resale	168	117
Loans receivable (note 3)	630	845
Note receivable - St. Catharines Hydro Inc. (note 4)	7,754	7,754
Other asset (note 19)	369	7,185
Investment in St. Catharines Hydro Inc. (note 4)	103,764	105,472
	<u>290,072</u>	<u>288,920</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	44,018	49,557
Deferred revenue - obligatory reserve funds (note 6)	35,179	30,723
Other current liabilities	6,788	7,604
Post-employment benefits (note 7)	16,371	18,310
Other liabilities (note 9)	7,833	9,564
Landfill post-closure liability (note 16)	5,114	4,174
Net long-term liabilities (note 10)	113,376	113,463
	<u>228,679</u>	<u>233,395</u>
Net financial assets	61,393	55,525
Non-Financial Assets		
Tangible capital assets (schedule 1)	805,453	777,084
Inventories	2,013	1,781
Prepaid expenses	2,271	2,286
	<u>809,737</u>	<u>781,151</u>
Contractual obligations and commitments (note 14)		
Contingent liabilities (note 15)		
Subsequent event (note 22)		
Accumulated surplus (note 11)	\$ 871,130	\$ 836,676

See accompanying notes to consolidated financial statements.

Signed on behalf of the City:



Mayor



Chief Administrative Officer

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

(In thousands of dollars)

	Budget (note 18)	2022	2021
Revenue:			
Taxation	\$ 119,909	\$ 122,775	\$ 116,504
User fees and charges	78,122	84,489	76,153
Government grants (note 17)	14,265	16,105	27,447
Interest and penalties	2,013	1,929	1,966
Investment income	1,510	3,286	1,434
Donations	66	1,290	700
Other	10,588	14,941	8,351
Developer contributed tangible capital assets	–	1,173	5,098
Contributed tangible capital assets – Canada Games Park (note 19)	–	23,336	–
Equity income in St. Catharines Hydro Inc. and interest income (note 4)	4,227	4,067	18,970
Loss on disposal of tangible capital assets	–	(1,037)	(296)
	<u>230,700</u>	<u>272,354</u>	<u>256,327</u>
Expenses:			
General government	22,508	23,247	19,899
Protection to persons and property	36,624	36,145	35,422
Transportation services	60,008	58,968	54,257
Environmental services	59,218	53,364	53,762
Health services	2,699	2,721	2,793
Social and family services	519	925	364
Recreation and cultural services (note 19)	40,655	54,127	37,978
Planning and development	8,170	8,403	7,600
	<u>230,401</u>	<u>237,900</u>	<u>212,075</u>
Annual surplus	299	34,454	44,252
Accumulated surplus, beginning of year	836,676	836,676	792,424
Accumulated surplus, end of year	\$ 836,975	\$ 871,130	\$ 836,676

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021
(In thousands of dollars)

	2022	2021
Annual surplus	\$ 34,454	\$ 44,252
Acquisition of tangible capital assets	(37,286)	(39,674)
Amortization of tangible capital assets	32,370	30,249
Loss on disposal of tangible capital assets	1,037	296
Contributed tangible capital assets	(24,509)	(5,098)
Proceeds on disposal of tangible capital assets	19	611
Change in inventories	(232)	(228)
Change in prepaid expenses	15	(175)
	5,868	30,233
Net financial assets, beginning of year	55,525	25,292
Net financial assets, end of year	\$ 61,393	\$ 55,525

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021
(In thousands of dollars)

	2022	2021
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 34,454	\$ 44,252
Items not involving cash:		
Amortization of tangible capital assets	32,370	30,249
Loss on disposal of tangible capital assets	1,037	296
Contributed tangible capital assets	(24,509)	(5,098)
Equity income from St. Catharines Hydro Inc.	(3,513)	(18,416)
	5,385	7,031
Change in non-cash assets and liabilities:		
Change in taxes receivable	(2,010)	(1,529)
Change in accounts receivable	(8,771)	2,079
Change in loans receivable	215	81
Change in inventories, total	(283)	(199)
Change in other financial assets	6,816	(4,185)
Change in prepaid expenses	15	(175)
Change in accounts payable and accrued liabilities	(5,539)	9,316
Change in deferred revenue - obligatory reserve funds	4,456	1,001
Change in other current liabilities	(816)	1,080
Change in post-employment benefits	(1,939)	217
Change in landfill post-closure liability	940	1,336
	(6,916)	9,022
Net increase in cash from operations	32,923	60,305
Capital:		
Acquisition of tangible capital assets	(37,286)	(39,674)
Proceeds on disposal of tangible capital assets	19	611
Net decrease in cash used in capital activities	(37,267)	(39,063)
Investing:		
Dividends received from St. Catharines Hydro Inc.	5,221	4,125
Change in investments	(18,030)	5,144
Net (decrease) increase in cash from investing activities	(12,809)	9,269
Financing		
Repayment of NHS obligation	(1,731)	(1,648)
Long-term debt issued	15,000	8,500
Long-term debt repaid	(15,087)	(13,945)
Net decrease in cash used in financing activities	(1,818)	(7,093)
(Decrease) increase in cash	(18,971)	23,418
Cash, beginning of year	108,787	85,369
Cash, end of year	\$ 89,816	\$ 108,787

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements

Year ended December 31, 2022
(In thousands of dollars)

The Corporation of the City of St. Catharines (the "City") is a municipality in the Province of Ontario that provides municipal services such as fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the City are prepared in accordance with Canadian Public Sector Accounting Standards as recommended by Canadian Public Sector Accounting Board ("PSAB"). Significant accounting policies adopted by the City are as follows:

(a) Basis of consolidation:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues, expenses and reserve balances of the reporting entity. The reporting entity is comprised of all commissions, committees and local boards accountable for the administration of the City's financial affairs and resources to the City and which are owned or controlled by the City, except for the City's government business enterprise, St. Catharines Hydro Inc., which is accounted for on the modified equity basis of accounting as described below.

These reporting entities include:

- St. Catharines Public Library Board
- St. Catharines Downtown Association
- St. Catharines Transit Commission
- FirstOntario Performing Arts Centre

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

St. Catharines Hydro Inc. (the "Company") is accounted for on a modified equity basis, consistent with the accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of the Company in its Consolidated Statement of Operations and Accumulated Surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the City receives from the Company are reflected as reductions in the investment asset account.

(ii) Partial-consolidated entities:

The Niagara District Airport Commission is operated with a joint local board and is proportionately consolidated. The City's share is 55%.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(ii) Partial-consolidated entities (continued):

The Canada Games Park (the "Park") is owned by the City of St. Catharines, City of Thorold, Region of Niagara and Brock University under a Consortium and Co-Tenancy Agreement and commenced operations on January 1, 2022. Each of the four consortium members have a 25% ownership interest. The Park is accounted for under the proportionate consolidation method.

(iii) Accounting for Region and School Board transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Regional Municipality of Niagara are not reflected in these consolidated financial statements.

(iv) Trust funds:

Trust funds and their related operations are not included in these consolidated financial statements.

(b) Basis of accounting:

The City 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 receipt of goods or services and creation of a legal obligation to pay.

(c) Investments:

Investments are carried at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in market value, the respective investment is written down to recognize the loss.

(d) Loans and note receivable:

Loans and note receivable are initially reported on the Consolidated Statement of Financial Position at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability is impaired. The note receivable is written off when it is no longer recoverable. Recoveries of loans and note receivable previously written off are recognized as revenue in the year received. Interest revenue is recognized as it is earned. Loans and note receivable with significant concessionary terms, such as non-interest bearing notes, are accounted for as a grant and presented as an expense in the Consolidated Statement of Operations and Accumulated Surplus.

(e) 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.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022
(In thousands of dollars)

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location. Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing government services on a straight-line or declining balance basis over the estimated useful life of the asset. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized. Gains and/or losses on the disposal of an asset are recorded on the Consolidated Statement of Operations and Accumulated Surplus as gain/loss on disposal of tangible capital assets.

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are also recorded as revenue. Similarly, transfer of assets to third parties are recorded as an expense equal to the net book value of the asset as at the date of transfer. The historical cost of works of art or historical treasures has not been assigned to these assets nor disclosed in the consolidated financial statements.

Asset class	Basis	Years
General assets:		
Land		Nil
Land improvements	Straight-line and declining balance	10 to 75
Buildings and building improvements	Straight-line	10 to 75
Machinery and equipment	Straight-line	3 to 75
Furniture and fixtures	Straight-line	5 to 100
Information technology	Straight-line	3 to 12
Vehicles	Straight-line	5 to 20
Infrastructure:		
Land		Nil
Land improvements	Straight-line and declining balance	5 to 50
Buildings and building improvements	Straight-line	10 to 100
Machinery and equipment	Straight-line	5 to 40
Information technology	Straight-line	3 to 12
Vehicles	Straight-line	7 to 15
Linear	Straight-line and declining balance	10 to 100

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(ii) Inventories:

Inventories are recorded at the lower of cost and replacement cost.

(f) Deferred revenue:

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Deferred revenue – obligatory reserve funds represent development charge contributions, payments in lieu of parking and parkland and gas tax, levied or received under authority of federal and provincial legislation and City by-laws. These amounts have been collected but the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(g) Other income:

Other income is recognized as revenue when the service is performed.

(h) Investment income:

Investment income earned on surplus current funds, capital funds, reserve and reserve funds other than obligatory reserve funds (deferred revenue) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the reserve balance and forms part of the related deferred revenue.

(i) Taxation revenue:

Taxes receivables and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred.

(j) Post-employment benefits:

The City provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees. The costs of life insurance and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, health care cost trends, earned days accumulated for certain employees payable at retirement, long term inflation rates and discount rates.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

1. Significant accounting policies (continued):

(k) Contaminated sites:

Contamination is a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic, radioactive material or live organism that exceeds an environmental standard. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the City is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability is estimated based on information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

(l) Landfill post-closure care:

The City recognizes a liability for the post-closure care of landfills under its control based on the estimated total expenditure associated with post-closure care activities, discounted to year-end. Post-closure care is estimated to be required for the contaminating lifespan of landfill sites, which as at December 31, 2022 is estimated at 25 years remaining.

Disbursements made related to post-closure care costs are charged against the liability in the Consolidated Statement of Financial Position. Changes in assumptions resulting in changes to the liability are expensed in the Consolidated Statement of Operations and Accumulated Surplus.

(m) Government transfers:

Government transfers are recognized in the consolidated financial statements in the period in which the transfer is authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Government transfers made by the City are recognized as expenses once the grant is paid.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022
(In thousands of dollars)

1. Significant accounting policies (continued):

(n) Use of estimates:

The preparation of the consolidated 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 dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include accounts receivable, tangible capital assets, accounts payable and accrued liabilities, employee future benefits, and landfill post-closure liability. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

2. Investments:

The market value of investments approximate cost given the nature of investments held by the City, being mainly Guaranteed Investment Certificates.

3. Loans receivable:

The City has the ability to recover costs related to the extension of municipal services from property owners through local improvement charges. Property owners may pay amounts in full, or they can choose to pay over a set period of time.

The current loans receivable, related to infrastructure improvements on Fourth Avenue South, are reported at cost, net of a valuation allowance of \$nil (2021 - \$nil). All loans bear interest at 2.0% and are repayable over a ten-year period commencing on the date of connection.

Scheduled principal repayments to the City are as follows:

2023	\$	56
2024		57
2025		59
Thereafter		458
Total	\$	630

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

4. Investment in St. Catharines Hydro Inc.:

	2022	2021
Statement of financial position:		
Current assets	\$ 9,847	\$ 8,520
Investments	110,526	113,700
Capital assets	13,151	13,497
Deferred tax asset	72	67
Total assets	133,596	135,784
Current liabilities	717	339
Long-term note payable***	7,754	7,754
Deferred tax liability	21,361	22,219
Total liabilities	29,832	30,312
Shareholder's equity	\$ 103,764	\$ 105,472

	2022	2021
Statement of comprehensive income		
Revenue (including income tax recovery)	\$ 8,637	\$ 25,815
Expenses (including income tax provision)	5,124	7,399
Net income	3,513	18,416
Total net income and comprehensive income	\$ 3,513	\$ 18,416

The equity in St. Catharines Hydro Inc.:

	2022	2021
Opening balance	\$ 105,472	\$ 91,181
Comprehensive income	3,513	18,416
Dividends received	(5,221)	(4,125)
Total assets and regulatory balances	\$ 103,764	\$ 105,472

*** The \$7,754 long-term note payable above by St. Catharines Hydro Inc. is due to the City and bears interest at 7.15% with no fixed terms of repayment and is unsecured. The City has agreed not to call the note prior to January 1, 2024. During the year, the City received \$554 (2021 - \$554) in interest on the outstanding notes receivable. The interest income of \$554 is included in equity income in St. Catharines Hydro Inc. on the Consolidated Statement of Operations and Accumulated Surplus.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

5. Accounts payable and accrued liabilities:

The accounts payable balance is as follows:

	2022	2021
Trade accounts payable	\$ 9,358	\$ 10,527
Payables to other governments	6,660	13,276
Payables to school boards	335	37
Tax Allowance	8,939	8,242
Special deposits	5,649	4,285
Accrued wages and benefits	4,723	3,413
Debenture interest	492	1,005
AD&D arbitration liability	2,174	1,938
Other	5,688	6,834
Total	\$ 44,018	\$ 49,557

6. Deferred revenue – obligatory reserve funds:

The deferred revenues – obligatory reserve funds reported on the Consolidated Statement of Financial Position are made up of the following:

	2021	Externally restricted inflows	Revenue earned	2022
Import and development	\$ 4,038	\$ 635	\$ (181)	\$ 4,492
Subdivider deposits	530	176	(31)	675
Planning Act	6,820	773	(780)	6,813
Future sidewalks	1,405	59	(171)	1,293
Gasoline tax – provincial	3,312	2,743	(1,834)	4,221
Canada Community-Building Fund (formerly Gasoline tax – federal)	14,618	4,648	(1,581)	17,685
Total	\$ 30,723	\$ 9,034	\$ (4,578)	\$ 35,179

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022
(In thousands of dollars)

7. Post-employment benefits:

The City provides certain employee benefits which will require funding in future periods. Under the sick-leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City's employment. The most recent actuarial valuation was completed for the year-ended December 31, 2022.

The City pays certain medical, dental and life insurance benefits on behalf of its retired employees. The City recognizes these post-retirement costs in the period in which the employees render the services. The accrued benefit obligation was determined by actuarial valuation using a discount rate of 4.60% (2021 - 2.90%).

The City has established a reserve for the accumulated sick leave liability. The balance as at December 31, 2022 is \$971 (2021 - \$1,207).

	2022	2021
Accrued benefit obligation, beginning of year	\$ 18,407	\$ 18,296
Interest	528	541
Payments	(1,675)	(1,566)
Current service cost - benefits	1,271	1,136
Curtailment	(1,097)	—
Actuarial gain in year	(3,226)	—
	14,208	18,407
Unamortized actuarial gain (loss)	2,163	(97)
Liability, end of year	\$ 16,371	\$ 18,310

Amortization of the net actuarial gain (2021 – loss) of \$966 (2021 - \$60) has been included in expenses on the Consolidated Statement of Operations and Accumulated Surplus. The main actuarial assumptions employed for the valuation are as follows:

General Inflation - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.00% in 2023 and thereafter.

Medical Costs - Medical costs were assumed to increase at a rate of 7.30%, downgrading to 4.50% by 2043.

Dental Costs - Dental costs were assumed to increase at a rate of 4.50% in 2023.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

8. Credit facility:

The City has an authorized operating loan due on demand of \$20 million bearing interest at prime less 0.75% to assist with general operating requirements and to finance current expenditures. The credit facility is unsecured and due on demand. As at December 31, 2022, no credit has been drawn upon (2021 - \$nil).

9. Niagara Health System ("NHS") obligation:

The City, by way of Council motion and agreement with NHS, has agreed to contribute to the construction of the NHS hospital complex located in St. Catharines. The City agreed to contribute a total of \$31,200 payable annually in the amount of \$2,209 until 2026. In order to fund the contribution, the City has approved a special hospital tax levy in the amount of \$2,209 until 2026.

Remaining principal payments are as follows:

2023	\$	2,209
2024		2,209
2025		2,209
2026		2,209
		<hr/> 8,836
Interest		(1,003)
	\$	<hr/> 7,833

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

10. Net long-term liabilities:

- (a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2022	2021
Serial debentures issued by Region of Niagara, beginning of year	\$ 106,119	\$ 111,383
Less: principal repayment	(14,906)	(13,764)
Add: new debt issued	15,000	8,500
Total serial debentures	106,213	106,119
Sinking fund debenture, beginning on year	9,333	9,333
Less: Sinking fund assets	(2,170)	(1,989)
Total sinking fund debenture	7,163	7,344
Net long-term debentures, end of year	\$ 113,376	\$ 113,463

Interest rates on serial debentures range from 1.25% to 4.93%.

2023	\$ 14,866
2024	13,975
2025	12,518
2026	11,465
2027	10,514
Thereafter	50,038
	\$ 113,376

- (b) The long-term liabilities in (a) issued in the name of the City approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest expense on long-term debt amounted to \$3,869 (2021 - \$3,991).

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

11. Accumulated surplus:

	2022	2021
Invested in tangible capital assets	\$ 805,453	\$ 777,084
Unexpended capital financing	19,755	12,025
Operating fund	15,624	12,017
Reserves and reserve funds	63,159	62,837
Other asset (note 19)	369	7,185
Equity in St. Catharines Hydro inc. (note 4)	111,518	113,226
	<u>1,015,878</u>	<u>984,374</u>
Amounts to be recovered:		
Post-employment benefits	(16,403)	(18,356)
Landfill post-closure liability	(5,114)	(4,174)
Net long-term liabilities	(115,398)	(115,604)
Hospital obligation	(7,833)	(9,564)
	<u>(144,748)</u>	<u>(147,698)</u>
	<u>\$ 871,130</u>	<u>\$ 836,676</u>

(a) Operating fund balance:

	2022	2021
To be applied in the following year to operations:		
Operating fund	\$ 4,301	\$ 2,430
First Ontario Performing Art Centre	38	30
Airport commission	466	437
To be applied to water operations for the following year	10,819	9,120
	<u>\$ 15,624</u>	<u>\$ 12,017</u>

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

11. Accumulated surplus (continued):

(b) Reserves and reserve fund balances:

	2022	2021
Reserves set aside by council for specific purposes:		
Replacement of equipment	\$ 5,735	\$ 7,062
Cumulative sick leave	971	1,207
Library purposes	4,460	5,232
Encumbrances	8,663	10,369
Building improvements	3,148	2,604
Cemetery	19	19
Hydro funds	302	1,836
Winter control	1,510	1,510
Tax rate stabilization	6,596	4,284
Infrastructure levy	3,229	3,428
Litigation/insurance	724	739
Election reserve	206	650
Meridian Centre capital	425	425
Community Improvement Plan funds	7,721	7,225
Sewer capital	4,100	633
FAIR program	30	30
Fallen Worker Memorial	235	235
Green Initiatives	829	372
FirstOntario Performing Arts Centre capital	526	397
Port Dalhousie piers	100	-
Tax levy capital	94	-
Development charge exemption	32	-
	49,655	48,257
Reserve funds set aside by council for specific purposes:		
Actifest	6	6
Business improvement purposes	259	100
Civic Project Fund	9,122	9,733
Mausoleum	738	568
St Catharines Transit Commission reserves	1,247	2,806
Parking	1,202	982
FirstOntario Performing Arts Centre	552	369
Parks	19	16
Canada Games Park capital	369	-
Canada Games Park operating	(10)	-
	13,504	14,580
	\$ 63,159	\$ 62,837

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

12. Trust funds:

Trust funds administered by the City amounting to \$10,436 (2021 - \$10,150) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

13. Pension agreements:

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 1,016 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. As OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS pension plan has a deficit of \$6.5 billion as of December 31, 2022 (2021 - \$3.1 billion).

The amount contributed to OMERS for 2022 was \$5,246 (2021 - \$5,200) for current service and is included as an expense in the Consolidated Statement of Operations and Accumulated Surplus.

There was no change in contribution rates in 2022. OMERS expects the contribution and policy changes to return the plan to a fully funded position by 2025, if not sooner.

14. Contractual obligations and commitments:

Capital expenditures:

The estimated future capital expenditures based on projects in progress at December 31, 2022 is approximately \$56,934 (2021 - \$51,222) after deducting the expenditures incurred as at December 31, 2022. These projects will be financed by unexpended capital financing, grants, subsidies and long-term liabilities in future years.

15. Contingent liabilities:

From time to time, the City is subject to claims and other lawsuits that arise in the ordinary course of operations, some of which may seek damages in substantial amounts, including punitive or extraordinary damages. These claims may be covered by the City's insurance up to a maximum of \$20 million per occurrence. Liability for these claims and lawsuits are recognized to the extent that the probability of a loss is likely and it is estimable provided the claim is in excess of the City's established deductibles on insurance coverage.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

16. Landfill post closure liability:

The City is responsible for monitoring several landfill sites which were closed in prior years. The liability for post-closure care has been recognized based on monitoring costs expected to be incurred over the period of required monitoring ending in 2046 and have been inflation adjusted at 5.4% (2021 - 4.0%) per annum. These costs were then discounted to December 31, 2022 using a discount rate of 4.6% (2021 - 2.9%).

The total monitoring costs are estimated to be \$9,332 (2021 - \$6,039) over the estimated monitoring period before applying the discount rate. The liability for post-closure as at December 31, 2022 is \$5,114 (2021 - \$4,174). Estimated annual expenditures for post-closure care are \$185 (2021 - \$145) and are expected to be incurred for the next 25 years.

17. Government transfers:

The government transfers reported on the Consolidated Statement of Operations and Accumulated Surplus are:

	Budget	2022	2021
Municipal grants:			
Region of Niagara	\$ -	\$ 12	\$ (623)
Provincial grants:			
Ontario Municipal Partnership Fund	310	310	365
Safe Restart	-	-	3,668
Safe Restart – Transit	-	2,558	5,413
Provincial gas tax	2,061	1,834	1,995
Planning and Development	207	1,280	318
Other Provincial Grants	514	1,337	1,192
	3,092	7,319	12,951
Federal grants:			
Canada Community-Building Fund	1,581	1,581	6,896
Investing in Canada Infrastructure Program	9,192	6,407	7,149
Other Federal Grants	400	786	1,074
	11,173	8,774	15,119
Total revenues	\$ 14,265	\$ 16,105	\$ 27,447
Expenses:			
Charitable and non-profit organizations	\$ 400	\$ 440	\$ 432
Total expenses	\$ 400	\$ 440	\$ 432

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

18. Budget figures:

The Budget data presented in these consolidated financial statements are based upon the 2022 operating and capital budgets approved by Council on December 13, 2021 and November 29, 2021 respectively. The City does not budget for amortization and, as a result, amortization is included based on actual cost. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenue:	
Operating budget as approved	\$ 126,316
Add:	
Revenue in expense departments	17,650
Parking revenues	2,792
Water and wastewater revenues	56,674
Transit revenue	2,209
Library revenue	11,450
Airport revenue	324
Grants in capital budget	522
Hospital Levy	13,275
CIP expenses in revenue budget	1,250
Less:	
Transfers from reserve in revenue budget	(1,762)
Total budgeted revenue	230,700
Expenses:	
Operating budget as approved	\$ 126,316
Add:	
Revenue included in expense departments	17,649
Amortization - City	32,371
Transfers from reserve	3,745
Water and wastewater expenses	57,649
Parking expenses	3,479
Transit expenses	27,590
Library expenses	5,596
Airport expenses	485
BIAs expenses	373
Hospital Interest Expense	478
CIP expenses included in revenue	1,250
Employee future benefits and closed landfill liability	1,152
Less:	
Debt principal payments	(14,808)
Transfer to sinking fund	(181)
Transfers to reserve	(2,580)
Transfer to transit	(14,044)
Transfer to library	(5,876)
Transfer to airport	(246)
Transfer to FOPAC	(1,716)
Transfer to capital	(1,099)
Water and wastewater capital	(7,182)
Total budgeted expenses	230,401
Budgeted surplus	\$ 299

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

19. Investment in Canada Games Park:

The City entered into a Consortium agreement with the Regional Municipality of Niagara, City of Thorold and Brock University (together with the City, the "Consortium") for the construction of Canada Games Park. The Park commenced operations on January 1, 2022 and construction was substantially completed on February 7, 2022. The City has a 25% ownership in the Park and is a one-third operating partner of the facility. The City's proportionate share of the results of the Canada Games Park including impact of eliminating entries is as follows:

	2022
Consolidated statement of financial position:	
Cash	\$ 43
Accounts receivable	73
<u>Total financial assets</u>	<u>116</u>
Accounts payable and accrued liabilities	77
Other current liabilities	53
<u>Total liabilities</u>	<u>130</u>
Tangible capital assets	25,442
Prepaid expenses	3
<u>Total non-financial assets</u>	<u>25,445</u>
<u>Accumulated surplus</u>	<u>\$ 25,431</u>
	2022
Consolidated statement of operations and accumulated surplus:	
Donations	\$ 169
Other	331
Contributed tangible capital assets – Canada Games Park	23,336
<u>Total revenue</u>	<u>23,836</u>
Recreational and culture services	(1,595)
<u>Total expenses</u>	<u>(1,595)</u>
<u>Annual surplus</u>	<u>\$ 25,431</u>

As part of the Consortium and Co-tenancy Agreement for the Park, the City is required to deposit on each anniversary date of project completion, its proportionate share (25%) of the capital reserve. The reserve fund is held in trust by the Regional Municipality of Niagara. During the year, the City contributed \$369 (2021 - \$nil) to the capital reserve and is recorded in Other Assets on the Consolidated Statement of Financial Position.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

19. Investment in Canada Games Park (continued):

In the prior year, the City recorded \$7,185 in Other Assets related to the City's overall \$10 million capital commitment to the Canada Games Park. Once construction was substantially complete on February 7, 2022, the total asset of \$10 million was transferred to the Canada Summer Games Consortium. The City has included the amount in Recreational and Culture Services expense in the Consolidated Statement of Operations and Accumulated Surplus during fiscal 2022.

20. Segmented reporting:

The City of St. Catharines is a lower-tier City that provides a wide range of services to its citizens. Segments include General Government, Protection, Transportation, Environmental and Recreation and Culture. Major services and activities provided by each segment are as follows:

(a) General Government:

Reported in the General Government functional area are the combined functions of general government, health services, social and family services and planning and development.

General Government includes services relating to governance, corporate management and program support. These are the combined services of the CAO's office, Financial Management, Legal and Corporate Support Services departments.

Health Services includes the administration, operation and maintenance of City cemeteries. Also included here is the City's commitment to the Niagara Health System hospital.

Social and Family Services includes the administration, operation and maintenance of seniors programs and facilities.

Planning and Development Services includes services relating to the Official Plan, zoning, community improvement, the attraction and retention of new and existing businesses and tourism. Also included here are the services provided by the Downtown Association Business Improvement Area.

The mandate of this functional area is to provide political governance, administrative executive management and those expenses and revenues which are corporate in nature and cannot be easily apportioned to other departments. Reported in this functional area are departments such as Council, Clerks, CAO, Finance, Human Resources, Legal, Information Systems and Capital Assets.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

20. Segmented reporting (continued):

(b) Protection to Persons and Property:

Reported in the Protection to Persons and Property functional area are services relating to fire suppression, prevention, training and communication, the issuance of permits, building inspections and property standards, enforcement of applicable municipal bylaws and technical analysis and recommendations for proposed and existing developments.

(c) Transportation Services:

Reported in the Transportation Services functional area are services relating to the construction, rehabilitation and maintenance of City's road and sidewalk network, winter control, parking and parking enforcement and street lighting. Also included are Urban Transit Services and Paratransit Services provided by the St. Catharines Transit Commission and the City's portion of the Niagara District Airport.

(d) Environmental services:

Reported in the Environmental Services functional area are services relating to the construction, rehabilitation and maintenance of the City's storm sewer, sanitary sewer and waterline network, pollution control, environmental monitoring and the implementation of environmental programs.

(e) Recreation/Culture Services:

Reported in the Recreation/Cultural Services functional area are services relating to the administration, operations and maintenance of the City's parks, recreation facilities and programs, museum, heritage facilities and cultural programs. Also included are services provided by the St. Catharines Public Library Board, FirstOntario Performing Arts Centre and Canada Games Park.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation is allocated to segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected. The accounting policies used in these segments are consistent with those followed in preparation of the consolidated financial statements as disclosed in note 1.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Note 20 – Segmented reporting

Year ended December 31, 2022

2022	General Government	Protection	Transportation	Environment	Recreation/ Culture	Total
Revenue:						
Taxation	\$ 27,288	\$ 33,006	\$ 27,931	\$ 2,503	\$ 29,647	\$ 120,375
Taxation from other governments	544	658	557	50	591	2,400
User fees and charges	5,689	1,316	15,904	58,101	3,479	84,489
Government grants	1,794	48	12,132	754	1,377	16,105
Interest and penalties	437	529	448	40	475	1,929
Investment income	909	774	687	59	857	3,286
Donations	482	–	–	–	808	1,290
Other (including developer contributed TCA)	975	3,412	2,605	487	31,971	39,450
Equity income in St. Catharines						
Hydro Inc. and interest income	4,067	–	–	–	–	4,067
Loss on disposal of tangible capital assets	(24)	–	(314)	(258)	(441)	(1,037)
Total revenues	42,161	39,743	59,950	61,736	68,764	272,354
Expenses:						
Salaries and wages	19,116	31,284	26,826	6,355	19,577	103,158
Operating materials and supplies	7,315	1,849	11,857	35,316	20,069	76,406
Contracted services	5,046	1,367	5,646	2,951	4,397	19,407
Rents and financial expenses	681	–	113	3	275	1,072
Interfunctional transfers	(545)	364	(1,459)	1,640	–	–
External transfer	1,341	–	–	–	80	1,421
Amortization	1,622	1,118	14,655	6,768	8,207	32,370
Debt service	720	163	1,330	331	1,522	4,066
Total expenses	35,296	36,145	58,968	53,364	54,127	237,900
Annual surplus	\$ 6,865	\$ 3,598	\$ 982	\$ 8,372	\$ 14,637	\$ 34,454

THE CORPORATION OF THE CITY OF ST. CATHARINES

Note 20 – Segmented reporting (continued)

Year ended December 31, 2022

2021	General Government	Protection	Transportation	Environment	Recreation/ Culture	Total
Revenue:						
Taxation	\$ 26,467	\$ 25,782	\$ 32,969	\$ 2,282	\$ 26,581	\$ 114,081
Taxation from other governments	562	548	700	48	565	2,423
User fees and charges	4,604	1,381	11,354	57,175	1,639	76,153
Government grants	5,441	3,135	17,050	665	1,156	27,447
Interest and penalties	456	444	569	39	458	1,966
Investment income	454	269	351	24	336	1,434
Donations	9	–	3	–	688	700
Other (including developer contributed TCA)	682	3,063	1,617	4,779	3,308	13,449
Equity income in St. Catharines						
Hydro Inc. and interest income	18,970	–	–	–	–	18,970
Gain (loss) on disposal of tangible capital assets	293	–	–	(88)	(501)	(296)
Total revenues	57,938	34,622	64,613	64,924	34,230	256,327
Expenses:						
Salaries and wages	17,863	29,250	27,153	6,556	16,712	97,534
Operating materials and supplies	5,619	1,649	9,814	36,017	8,832	61,931
Contracted services	3,250	1,874	4,393	2,908	3,130	15,555
Rents and financial expenses	274	224	436	2	206	1,142
Interfunctional transfers	(455)	1,107	(2,194)	1,542	–	–
External transfer	1,661	–	–	–	12	1,673
Amortization	1,606	1,171	13,551	6,385	7,536	30,249
Debt service	838	147	1,104	352	1,550	3,991
Total expenses	30,656	35,422	54,257	53,762	37,978	212,075
Annual surplus (deficit)	\$ 27,282	\$ (800)	\$ 10,356	\$ 11,162	\$ (3,748)	\$ 44,252

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

(In thousands of dollars)

21. COVID-19:

The COVID-19 pandemic continued to result in governments worldwide, including the Canadian, Ontario and municipal governments, to enact emergency measures to combat the spread of the virus in 2022. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The City declared a state of emergency under the Emergency Management Act Ontario, on April 3, 2020. The declaration of a state of emergency provided the Mayor with the ability to take action and make orders, as necessary, to protect the health, safety and welfare of residents. Throughout 2020 and 2021, the City took extraordinary measures to support its residents through various financial relief measures such as waiving fines and penalties on overdue balances and waiving parking fees in City owned parking lots. The City ended the state of emergency on March 15, 2022. The City continues to monitor the advice and recommendations from public health and the Province of Ontario. The ultimate duration and magnitude of the impact on the City, surrounding economy and services are not known at this time, however the impact on the City in the foreseeable future is not expected to be significant.

During the year, the City received \$2,558 (2021 - \$9,081), as described in note 17, under the Province of Ontario's Safe Restart funding initiative to support operating and transit pressures faced as a result of the COVID-19 pandemic.

22. Subsequent event:

Subsequent to year end, the St. Catharines Transit Commission amalgamated with the Niagara Falls Transit, Welland Transit and Fort Erie Transit systems into the Niagara Transit Commission. Effective January 1, 2023 the assets and liabilities of the St. Catharines Transit Commission along with the St. Catharines Transit Commission reserve fund of \$1,247 were transferred to Niagara Transit Commission who effectively will perform all public transportation services for the Niagara Region.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Schedule 1 - Tangible Capital Assets

Year ended December 31, 2022

(In thousands of dollars)

2022	Cost			Accumulated amortization			Total		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization		Deletions	Balance, end of year
General:									
Land	\$ 42,877	\$ 10	\$ -	\$ 42,887	\$ -	\$ -	\$ -	\$ -	\$ 42,887
Land improvements	78,123	9,481	577	87,027	37,388	2,225	504	39,109	47,918
Buildings, improvements and components	256,835	25,798	1,142	281,491	76,637	6,814	757	82,694	198,797
Machinery and equipment	26,395	1,554	1,465	26,484	16,284	1,730	1,433	16,581	9,903
Furniture and fixtures	11,424	219	35	11,608	5,717	625	35	6,307	5,301
Information technology	14,237	1,740	356	15,621	9,426	1,685	354	10,757	4,864
Vehicles	58,516	8,228	4,296	62,448	35,617	3,702	4,296	35,023	27,425
	488,407	47,030	7,871	527,566	181,069	16,781	7,379	190,471	337,095
Infrastructure:									
Land	2,280	-	-	2,280	-	-	-	-	2,280
Land improvements	13,177	1,931	68	15,040	4,169	303	68	4,404	10,636
Buildings, improvements and components	35,480	6,155	-	41,635	13,005	1,149	-	14,154	27,481
Machinery and equipment	26,653	437	225	26,865	12,820	1,381	140	14,061	12,804
Information technology	530	35	-	565	250	92	-	342	223
Vehicles	9,829	864	55	10,638	5,224	824	55	5,993	4,645
Linear	714,949	22,228	2,193	734,984	340,016	11,840	1,714	350,142	384,842
	802,898	31,650	2,541	832,007	375,484	15,589	1,977	389,096	442,911
Work in progress:									
Opening balance	153,683	23,418	-	177,101	-	-	-	-	177,101
Internal transfers	(111,351)	(40,303)	-	(151,654)	-	-	-	-	(151,654)
Subtotal: Work in progress	42,332	(16,885)	-	25,447	-	-	-	-	25,447
Total December 2022	\$ 1,333,637	\$ 61,795	\$ 10,412	\$ 1,385,020	\$ 556,553	\$ 32,370	\$ 9,356	\$ 579,567	\$ 805,453

THE CORPORATION OF THE CITY OF ST. CATHARINES

Schedule 1 - Tangible Capital Assets (continued)

Year ended December 31, 2022

(In thousands of dollars)

2021	Cost			Accumulated amortization					Total
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Deletions	Balance, end of year	
General:									
Land	\$ 42,883	\$ -	\$ 6	\$ 42,877	\$ -	\$ -	\$ -	\$ -	\$ 42,877
Land improvements	74,142	4,114	133	78,123	35,492	1,975	79	37,388	40,735
Buildings, improvements and components	253,964	3,709	838	256,835	70,603	6,302	268	76,637	180,198
Machinery and equipment	27,453	1,304	2,362	26,395	16,658	1,767	2,141	16,284	10,111
Furniture and fixtures	11,316	175	67	11,424	5,165	618	66	5,717	5,707
Information technology	13,336	1,180	279	14,237	8,163	1,535	272	9,426	4,811
Vehicles	54,466	8,961	4,911	58,516	37,491	3,037	4,911	35,617	22,899
	477,560	19,443	8,596	488,407	173,572	15,234	7,737	181,069	307,338
Infrastructure:									
Land	2,280	-	-	2,280	-	-	-	-	2,280
Land improvements	11,948	1,303	74	13,177	3,980	260	71	4,169	9,008
Buildings, improvements and components	35,480	-	-	35,480	12,021	984	-	13,005	22,475
Machinery and equipment	26,423	539	309	26,653	11,721	1,351	252	12,820	13,833
Information technology	477	53	-	530	167	83	-	250	280
Vehicles	10,623	762	1,556	9,829	5,991	789	1,556	5,224	4,605
Linear	699,755	16,803	1,609	714,949	329,738	11,547	1,269	340,016	374,933
	786,986	19,460	3,548	802,898	363,618	15,014	3,148	375,484	427,414
Work in progress:									
Opening balance	127,073	26,610	-	153,683	-	-	-	-	153,683
Internal transfers	(90,961)	(20,390)	-	(111,351)	-	-	-	-	(111,351)
Subtotal: Work in progress	36,112	6,220	-	42,332	-	-	-	-	42,332
Total December 2021	\$ 1,300,658	\$ 45,123	\$ 12,144	\$ 1,333,637	\$ 537,190	\$ 30,248	\$ 10,885	\$ 556,553	\$ 777,084



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of St. Catharines

Opinion

We have audited the financial statements of the trust funds of The Corporation of the City of St. Catharines (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations 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. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.



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- 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 Entity'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 Entity'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 conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

September 21, 2023

THE CORPORATION OF THE CITY OF ST. CATHARINES

Statement of Financial Position - Trust Funds

As at December 31, 2022, with comparative information for 2021

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2022 Total	2021 Total
Financial assets					
Cash	\$ 149	\$ 44	\$ -	\$ 193	\$ 3,311
Investments	9,175	589	-	9,764	6,414
Accrued interest	411	79	-	490	403
Accounts receivable	17	1	-	18	-
Due from operating fund	-	-	25	25	22
	\$ 9,752	\$ 713	\$ 25	\$ 10,490	\$ 10,150
Liabilities					
Due to operating fund	\$ 47	\$ 7	\$ -	\$ 54	\$ -
Accumulated surplus and net financial assets					
	\$ 9,705	\$ 706	\$ 25	\$ 10,436	\$ 10,150

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Statement of Operations and Accumulated Surplus- Trust Funds

Year ended December 31, 2022, with comparative information for 2021

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2022 Total	2021 Total
Receipts:					
Sales of plots, crypts and markers	\$ 248	\$ 29	\$ -	\$ 277	\$ 184
Interest	253	16	-	269	177
Donations	-	-	16	16	14
	501	45	16	562	375
Expenditures					
Contribution to operating fund	253	16	-	269	177
Administration	-	-	7	7	11
	253	16	7	276	188
Annual surplus	248	29	9	286	187
Accumulated surplus, beginning of year	9,457	677	16	10,150	9,963
Accumulated surplus, end of year	\$ 9,705	\$ 706	\$ 25	\$ 10,436	\$ 10,150

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Trust Funds Financial Statements

Year ended December 31, 2022

1. Significant accounting policies:

The financial statements of The Corporation of the City of St. Catharines (the "City") trust funds (the "Trusts") are prepared by management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of CPA Canada.

(a) Basis of presentation:

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

(b) Investment income:

Investment income is reported as revenue in the period earned.

(c) Investments:

Investments consist of bonds and guaranteed investment certificates and are recorded at amortized cost, which approximate market value based on the underlying nature of the investments. Discounts and premiums arising on the purchase of these investments are amortized over the term of the related investment. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

2. Due to/from operating fund:

The amounts owing to/from the operating fund are held with the City and are non-interest bearing with no fixed terms of repayment.

Financial Statements of

**ST. CATHARINES DOWNTOWN
ASSOCIATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board Members of the St. Catharines Downtown Association, Members of Council, Inhabitants and Ratepayers of The Corporation of the City of St. Catharines

Opinion

We have audited the accompanying financial statements of the St. Catharines Downtown Association (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the St. Catharines Downtown Association as at December 31, 2022, and its results of operations, its changes in net financial assets 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. 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Emphasis of Matter - Restatement of Financial Statements

We draw attention to Note 8 to the financial statements (“Note 8”), which explains that certain comparative information presented for the year ended December 31, 2021 has been restated.



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Note 8 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2022, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2021. In our opinion, such adjustments are appropriate and have been properly applied.

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

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

Auditor's Responsibility 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 the 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.



Page 3

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 Entity'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 Entity'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 Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

March 8, 2023

ST. CATHARINES DOWNTOWN ASSOCIATION

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Year ended December 31, 2022

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ST. CATHARINES DOWNTOWN ASSOCIATION

Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	2022	2021
		(Restated – Note 8)
Financial assets		
Cash	\$ 154,610	\$ 57,923
Accounts receivable (note 3)	157,412	268,760
	<u>312,022</u>	<u>326,683</u>
Financial liabilities		
Accounts payable and accrued liabilities	54,375	174,099
Provision for redemption of parking tokens (note 4)	394	396
	<u>54,769</u>	<u>174,495</u>
Net financial assets	257,253	152,188
Non-financial assets		
Tangible capital assets (note 2)	35,135	58,158
Prepaid expenses	1,386	1,386
	<u>36,521</u>	<u>59,544</u>
Commitments (note 6)		
Accumulated surplus (note 5)	\$ 293,774	\$ 211,732

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ST. CATHARINES DOWNTOWN ASSOCIATION

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 7)	2022	2021 (Restated – Note 8)
Revenue:			
Member levy (note 3)	\$ 373,338	\$ 377,776	\$ 370,060
Government grants	-	246,466	229,880
City of St. Catharines grants (note 3)	-	-	28,141
Marketing	-	750	41
Sponsorship revenue	-	5,300	-
Other income/recovery	-	87,374	2,319
Total revenue	373,338	717,666	630,441
Expenses: (Schedule)			
Administration	203,338	300,652	197,369
Amortization	-	23,023	21,866
Development	42,500	71,818	61,681
Events	70,000	191,089	188,353
Media and visual marketing	57,500	49,042	60,817
Total expenses	373,338	635,624	530,086
Annual surplus	-	82,042	100,355
Accumulated surplus, beginning of year	158,117	211,732	111,377
Accumulated surplus, end of year	\$ 158,117	\$ 293,774	\$ 211,732

See accompanying notes to financial statements.

ST. CATHARINES DOWNTOWN ASSOCIATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
		(Restated – Note 8)
Annual surplus	\$ 82,042	\$ 100,355
Acquisition of tangible capital assets	-	(5,850)
Amortization of tangible capital assets	23,023	21,866
Prepaid expenses	-	15,502
Change in net financial assets	105,065	131,873
Net financial assets, beginning of year	152,188	20,315
Net financial assets, end of year	\$ 257,253	\$ 152,188

See accompanying notes to financial statements.

ST. CATHARINES DOWNTOWN ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
		(Restated – Note 8)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 82,042	\$ 100,355
Items not involving cash:		
Amortization	23,023	21,866
Changes in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	(119,724)	130,652
Accounts receivable	111,348	(256,444)
Provision for redemption of parking tokens	(2)	(104)
Prepaid expenses	-	15,502
Net change in cash from operating activities	96,687	11,827
Capital activities:		
Cash used to acquire tangible capital assets	-	(5,850)
Net increase in cash	96,687	5,977
Cash, beginning of year	57,923	51,946
Cash, end of year	\$ 154,610	\$ 57,923

See accompanying notes to financial statements.

ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2022

The St. Catharines Downtown Association (the "Association") was established by the Council of the City of St. Catharines in 1973 pursuant to the Municipal Act. The Association has been entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the Association area, beyond such expenditures by the City of St. Catharines. The Association is also responsible for the promotion of this improvement area for business and shopping. The Association is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Association are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") established by the Public Sector Accounting Board of CPA Canada. Significant accounting policies adopted by the Association are as follows:

(a) Basis of accounting:

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

(b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income is reported as revenue in the period earned.

ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) 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 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
Computers	3
Garbage receptacles	10
Holiday décor	5
Kiosks	20

(e) Use of estimates:

The preparation of financial statements 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. Actual results could differ from those estimates.

ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Computers	\$ 6,594	\$ -	\$ -	\$ 6,594
Garbage receptacles	12,818	-	-	12,818
Holiday decor	131,963	-	-	131,963
Kiosks	12,423	-	-	12,423
Total	\$ 163,798	\$ -	\$ -	\$ 163,798

Accumulated amortization	Balance at December 31, 2021	Disposals	Amortization expense	Balance at December 31, 2022
Computers	\$ 1,119	\$ -	\$ 1,950	\$ 3,069
Garbage receptacles	12,818	-	-	12,818
Holiday decor	79,280	-	21,073	100,353
Kiosks	12,423	-	-	12,423
Total	\$ 105,640	\$ -	\$ 23,023	\$ 128,663

	Net book value December 31, 2021	Net book value December 31, 2022
Computers	\$ 5,475	\$ 3,525
Garbage receptacles	-	-
Holiday decor	52,683	31,610
Kiosks	-	-
Total	\$ 58,158	\$ 35,135

(a) Contributed tangible capital assets:

The Association received no contributed tangible capital assets in 2022 or 2021.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Association has not recorded write-downs of tangible capital assets during the year or 2021.

ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Related party transactions:

Transactions with related parties are measured at the carrying amount. During the year, the Association recorded the following transactions with The Corporation of the City of St. Catharines:

Revenue:

	2022	2021
Member levy collected on behalf of the Association	\$ 384,381	\$ 384,549
Supplemental taxes	3,387	2,689
Taxes written-off	(9,401)	(12,588)
Vacancy Rebates	(253)	(2,878)
Charity Rebates	(338)	(1,712)
	<u>\$ 377,776</u>	<u>\$ 370,060</u>

The City of St. Catharines also contributed \$nil (2021 - \$28,141) to the Association in support of the annual Christmas events held within the Association. Included in accounts receivable at the end of the year is a receivable from the City of St. Catharines for the annual Christmas grant of \$nil (2021 - \$28,141).

During the year, the Association transacted with members of key management in the amount of \$20,489 (2021 - \$17,986) for leased premises.

4. Provision for redemption of parking tokens:

The provision for redemption of parking tokens in the amount of \$394 (2021 - \$396) represents the estimated value of parking tokens in circulation with merchants and their customers for which the Association is responsible for.

5. Accumulated surplus:

Accumulated surplus consists of the following:

	2022	2021
Surplus:		(Restated – Note 8)
Invested in tangible capital assets	\$ 35,135	\$ 58,158
Reserve fund	258,639	153,574
Accumulated surplus	<u>\$ 293,774</u>	<u>\$ 211,732</u>

The reserve fund is used to fund expenditures, normally of a capital nature, that are approved by the Association. It is the policy of the Association to transfer the operating fund annual surplus or deficit to the Reserve fund.

ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Commitments:

The Association is committed under an operating lease for the rental of office space. Future minimum lease payments under this operating lease are as follows:

2023	\$ 16,608
2024	16,608
2025	16,608
2026	16,608
2027	8,304
	<hr/>
	\$ 74,736

The Association is committed under an operating lease for the rental of equipment. Future minimum lease payments under this operating lease are as follows:

2023	\$ 6,900
2024	6,900
	<hr/>
	\$ 13,800

7. Budget data:

The budget data presented in these financial statements is based upon the 2022 budget approved by the Board on January 17, 2022. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

8. Restatements of the financial statements:

During the current year, it was identified that prior period adjustments related to the following were not properly accounted for:

- 1) Prepaid expenses were not properly expensed in fiscal 2021 resulting in an overstatement in the balance of prepaid expenses and understatement of expenses at December 31, 2021.
- 2) Grant revenue earned in 2021 but received subsequent to year end was not properly recorded as revenue and accounts receivable resulting in an understatement of revenue and accounts receivable at December 31, 2021.
- 3) Events expenses incurred in 2021 recorded subsequent to year end were not properly accrued as accounts payable and event expenses resulting in an understatement of accounts payable and expenses at December 31, 2021.

ST. CATHARINES DOWNTOWN ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2022

8. Restatements of the financial statements (continued):

The comparative figures have been retrospectively restated as follows to reflect the resulting prior period adjustments:

	As previously reported	Adjustment	As restated
As at January 1, 2022			
Accumulated surplus	\$ 158,117	\$ 53,615	\$ 211,732
As at December 31, 2021			
Accounts receivable	38,880	229,880	268,760
Prepaid expenses	16,888	(15,502)	1,386
Accounts payable and accrued liabilities	13,336	160,763	174,099
For the year ended December 31, 2021			
Grant revenue	-	229,880	229,880
Development expenses	46,179	15,502	61,681
Event expenses	27,590	160,763	188,353
Accumulated surplus	158,117	53,615	211,732
Cash flow impact for the year ended December 31, 2021			
Annual Surplus	46,740	53,615	100,355
Accounts receivable	(26,564)	(229,880)	(256,444)
Accounts payable and accrued liabilities	(30,111)	160,763	130,652
Prepaid expenses	-	15,502	15,502

ST. CATHARINES DOWNTOWN ASSOCIATION

Schedule of Expenses

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021 (Restated – Note 8)
Administration:			
Communications equipment	\$ 10,000	\$ 14,251	\$ 10,318
Insurance	4,500	6,848	4,037
Professional fees/Banking charges	10,000	12,547	13,980
Rent	16,608	20,489	17,986
Salaries and payroll taxes	158,580	242,850	147,070
Supplies and other	3,650	3,667	3,978
	<u>\$ 203,338</u>	<u>\$ 300,652</u>	<u>\$ 197,369</u>
Development:			
Annual general meeting	\$ 500	\$ 2,351	\$ 598
Meetings	500	2,020	462
Committee/board/staff development	5,000	4,260	8,760
Façade/streetscape improvements	15,000	52,849	26,882
Membership/resources	5,000	5,033	7,725
Newsletter/supplements	1,500	3,095	1,651
Safety	10,000	275	10,870
Website	5,000	1,935	4,733
	<u>\$ 42,500</u>	<u>\$ 71,818</u>	<u>\$ 61,681</u>
Events:			
Christmas/Winter Events	\$ -	\$ -	\$ 15,209
Street closures	-	-	169,685
Summer Events	30,000	177,198	-
Fall Events	10,000	3,024	3,459
Spring Events	10,000	10,706	-
Winter Events	20,000	161	-
	<u>\$ 70,000</u>	<u>\$ 191,089</u>	<u>\$ 188,353</u>
Media and Visual Marketing:			
Beautification/maintenance/identification	\$ 15,500	\$ 15,658	\$ 12,168
General marketing	35,000	26,840	46,957
Kiosks	2,000	-	492
Marketing campaign	-	2,544	50
Sponsorship	5,000	4,000	1,150
	<u>\$ 57,500</u>	<u>\$ 49,042</u>	<u>\$ 60,817</u>

Financial Statements of

**ST. CATHARINES PUBLIC
LIBRARY BOARD**

Year ended December 31, 2022

ST. CATHARINES PUBLIC LIBRARY BOARD

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of the St. Catharines Public Library Board, Members of Council, Inhabitants and Ratepayers of The Corporation of the City of St. Catharines

Opinion

We have audited the accompanying financial statements of the St. Catharines Public Library Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the St. Catharines Public Library Board as at December 31, 2022, and its results of operations, its changes in net financial assets 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. 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

May 18, 2023

ST. CATHARINES PUBLIC LIBRARY BOARD

Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 3,194,898	\$ 3,971,457
Accounts receivable	209,305	130,252
Investments (note 3)	1,733,645	1,570,166
	<u>5,137,848</u>	<u>5,671,875</u>
Financial liabilities		
Accounts payable and accrued liabilities	683,726	588,612
Deferred revenue	9,920	23,253
Post-employment benefits (note 2)	349,020	340,840
Long-term liabilities (notes 4 and 5)	817,862	905,455
	<u>1,860,528</u>	<u>1,858,160</u>
Net financial assets	3,277,320	3,813,715
Non-financial assets		
Prepaid expenses	15,599	171,503
Tangible capital assets (Schedule 3)	8,404,099	7,856,397
	<u>8,419,698</u>	<u>8,027,900</u>
Commitments (note 7)		
Contingencies (note 11)		
Accumulated surplus (note 8)	<u>\$11,697,018</u>	<u>\$11,841,615</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

ST. CATHARINES PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 9)		
Revenue:			
Municipal contribution	\$ 5,876,428	\$ 5,876,428	\$ 5,677,708
Province of Ontario regular grant	228,600	228,616	228,616
Province of Ontario special grants	12,267	12,267	12,267
Other grants	-	23,253	13,820
Other (Schedule 1)	82,879	276,999	168,041
	<u>6,200,174</u>	<u>6,417,563</u>	<u>6,100,452</u>
Expenses:			
Salaries, wages and payroll taxes (Schedule 2)	4,330,079	4,273,043	3,930,988
Library materials (Schedule 2)	360,500	445,707	341,409
Occupancy (Schedule 2)	503,526	502,782	598,692
General and administration (Schedule 2)	363,158	322,511	250,730
Interest (note 5)	38,275	38,275	41,532
Amortization (Schedule 3)	979,842	979,842	988,475
	<u>6,575,380</u>	<u>6,562,160</u>	<u>6,151,826</u>
Annual deficit	(375,206)	(144,597)	(51,374)
Accumulated surplus, beginning of year	11,841,615	11,841,615	11,892,989
Accumulated surplus, end of year	<u>\$ 11,466,409</u>	<u>\$ 11,697,018</u>	<u>\$ 11,841,615</u>

See accompanying notes to financial statements.

ST. CATHARINES PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Annual deficit	\$ (144,597)	\$ (51,374)
Purchase of tangible capital assets	(1,527,544)	(933,017)
Amortization of tangible capital assets	979,842	988,475
Loss on disposal of tangible capital assets	–	6,693
Change in prepaid expenses	155,904	(61,031)
	(536,395)	(50,254)
Net financial assets, beginning of year	3,813,715	3,863,969
Net financial assets, end of year	\$ 3,277,320	\$ 3,813,715

See accompanying notes to financial statements.

ST. CATHARINES PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (144,597)	\$ (51,374)
Items not involving cash:		
Amortization	979,842	988,475
Loss on disposal of tangible capital assets	–	6,693
Change in non-cash assets and other liabilities:		
Accounts receivable	(79,053)	(11,958)
Prepaid expenses	155,904	(61,031)
Deferred revenue	(13,333)	23,253
Post-employment benefits	8,180	(5,380)
Accounts payable and accrued liabilities	95,114	(1,384,228)
	1,002,057	(495,550)
Capital activities:		
Purchase of tangible capital assets	(1,527,544)	(933,017)
Financing activities:		
Repayment of long-term liabilities	(87,593)	(84,358)
Investing activities:		
Change in investments	(163,479)	(299,741)
Net change in cash	(776,559)	(1,812,666)
Cash, beginning of year	3,971,457	5,784,123
Cash, end of year	\$ 3,194,898	\$ 3,971,457

See accompanying notes to financial statements.

ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2022

The financial statements of St. Catharines Public Library Board (the "Library") are prepared by management in accordance with Canadian public sector accounting standards.

1. Significant account policies:

Significant accounting policies adopted by the Library are as follows:

(a) Basis of accounting:

The Library 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 or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received are from the Province of Ontario and the City of St. Catharines. Government transfers paid relate to surplus repayment and future reserves to the City of St. Catharines. Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income, including investment income, is reported as revenue in the period earned.

(d) 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 all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed or donated tangible capital assets are recorded at their fair value at the date of receipt.

ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant account policies (continued):

(d) Non-financial assets (continued):

(ii) Amortization

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing library services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Number of years
Buildings	25-100
Building Improvements	10-50
Collections (asset pool)	7
Furniture and equipment	3-100
IT equipment	3-15

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 available for productive use.

Certain Library land and buildings are owned and controlled by The Corporation of the City of St. Catharines and are therefore not reflected in these financial statements.

(e) Post-employment benefits:

The Library provides certain employee benefits which will require funding in future periods. The cost of self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement health and dental benefits for retirees, is actuarially determined using the project benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

The Library makes contributions to Ontario Municipal Employees Retirement System (OMERS) pensions, which is a multi-employer defined contribution pension plan, on behalf of its members. These contributions are recognized in the period in which the contributions are earned.

ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant account policies (continued):

(f) Deferred income:

Deferred income represents funds collected for which related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year in which the related services are performed.

(g) Investments:

Investments are recorded at cost. When the investments incur a loss in value that is other than temporary, the investments are written down to their fair value and the loss is recognized in the statement of operations.

(h) Use of estimates:

The preparation of financial statements in accordance 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in performing actuarial valuations of liability for future benefits. Actual results could differ from those estimates.

2. Post-employment benefit liability:

Post-employment benefits are comprised of health and dental benefits, as well as life insurance for permanent full-time retirees retiring on unreduced OMERS pension up to the age of 65.

The Library recognizes the post-employment benefits costs as they are earned during the year. The Library's obligation under the post-employment provisions of employment agreements will be funded out of current revenue.

The post-employment benefit obligation was determined by an actuarial valuation as at December 31, 2022. The date of the next actuarial valuation is expected to be performed as at December 31, 2025.

	2022	2021
Vacation	\$ 32,420	\$ 46,240
Retirement benefits	316,600	294,600
	<hr/> \$ 349,020	<hr/> \$ 340,840

ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Post-employment benefit liability (continued):

Information about the Library's post-employment benefit liability is as follows:

	2022	2021
Accrued benefit obligation		
Balance, beginning of year	\$ 294,000	\$ 293,200
Current service costs	23,400	20,500
Actuarial gain	(92,500)	–
Interest on accrued benefit obligation	8,100	8,700
Benefits paid during the period	(6,000)	(28,400)
Balance, end of year	227,000	294,000
Unamortized actuarial gain	89,600	600
Accrued benefit liability	\$ 316,600	\$ 294,600

The 2022 unamortized actuarial gain/loss is amortized over the expected average remaining service life of 11 years. Amortization of the actuarial gain included in expenses in the statement of operations is \$3,500 (2021 - \$400).

Actuarial valuations are performed on post-employment and retirement benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality.

The main actuarial assumptions adopted for the valuation are as follows:

The accrued benefit liability for post-employment benefits was determined by actuarial valuation as at December 31, 2022 using a discount rate of 4.60% (2021 – 2.90%).

General Inflation - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), was assumed at 2.00% per annum.

Health and dental trend costs – Health care trend costs of 7.30% in 2022, reducing linearly to 4.50% by 2043. Dental care trend costs of 4.50% are assumed.

Mortality is based on the Canadian Institute of Actuaries' 2014 CPM Public Table with MI-2017 Scale.

3. Investments:

Investments of \$1,733,645 (2021 - \$1,570,166) are carried at cost which approximates fair value due to the nature of investments held at the end of the year. The fair value represents the realizable value of investments if they were to be sold at December 31, 2022.

ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Related party transactions:

(a) Transactions with related parties:

The Library had the following transactions with the City of St. Catharines, its controlling party:

	2022	2021
Revenue:		
Municipal contributions	\$ 5,876,428	\$ 5,677,708
	\$ 5,876,428	\$ 5,677,708
Expenses:		
Municipal cost recoveries, including tangible capital asset additions	\$ 47,367	\$ 80,585
Rent expense	600	600
	\$ 47,967	\$ 81,185

The revenue and expense transactions have been reflected in annual surplus for the current year and were measured at the exchange amount of consideration established and agreed to by the related parties.

The Library leases some of its premises from the City of St. Catharines for \$600 per year. The lease commitments have been included in Note 7.

(b) Outstanding balances due from related parties:

The Library has a long-term loan payable to the City of St. Catharines amounting to \$817,862 (2021 - \$905,455). The details of which has been disclosed in Note 5.

5. Long-term liabilities:

The balance of long-term liabilities reported on the statement of financial position is made up of:

Debenture number	Purpose	Interest rates	Maturity date	2022	2021
110-2011	Dr. Huq Family Library Branch	3.8%	2031	\$ 817,862	\$ 905,455

ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Long-term liabilities (continued):

Principal charges in each of the next five years are as follows:

2023	\$	90,953
2024		94,442
2025		98,065
2026		101,827
2027		105,733
2028 and thereafter		326,842
		<hr/>
	\$	817,862

Total interest on long-term liabilities which are reported on the statement of operations and accumulated surplus amounted to \$38,275 (2021 - \$41,532).

6. Pension agreements:

The St. Catharines Public Library makes contributions to OMERS, which is a multi-employer plan, on behalf of 56 members of its staff as of December 31, 2022. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The latest actuarial valuation as at December 31, 2022 reported a funding deficit of \$6.7 billion (2021 - \$3.1 billion). OMERS expects the contributions and policy changes made in response to the deficit to return the plan to a fully funded position by 2025. Contributions were made in the 2022 calendar year at rates ranging from 9.0% to 14.6% depending on the level of earnings. As a result, \$274,766 was contributed to OMERS (2021 - \$269,001) for current service.

7. Commitments:

Minimum future lease payments for various premises and equipment are as follows:

2023	\$	46,697
2024		44,694
2025		11,756
2026		600
2027		600
		<hr/>
	\$	104,347

ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve and reserve funds as follows:

	2022	2021
Reserves and reserve funds	\$ 2,793,187	\$ 3,680,264
Funds set aside (note 10)	1,666,614	1,551,249
Amounts to be recovered – long-term liabilities	(817,862)	(905,455)
Amounts to be recovered – post-employment benefit	(349,020)	(340,840)
Tangible capital assets	8,404,099	7,856,397
	<u>\$ 11,697,018</u>	<u>\$ 11,841,615</u>

9. Budget data

The budget data presented in these financial statements is based upon the 2022 operating and capital budgets approved by Council on December 31, 2021. Amortization was not contemplated on development of the budget and, as such, was not included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenues:		
Operating budget		\$ 6,200,174
Less:		
Transfers in – reserves		–
Total revenue		<u>6,200,174</u>
Expenses:		
Operating budget		5,595,538
Capital budget		604,636
Add:		
Amortization		979,842
Less:		
Capital expenses		(517,042)
Principal repayments		(87,594)
Total expenses		<u>6,575,380</u>
Annual deficit		<u>\$ (375,206)</u>

ST. CATHARINES PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Funds set aside

The Library has set aside specific monies for which donations received are designated for specific purposes. These include collections, capital funding and Library support programs. The reserves are summarized below:

	Architects Fund	Internal Fund	2022 Total	2021 Total
Revenues:				
Donations	\$ -	\$ 83,415	\$ 83,415	\$ 75,791
Interest	1	31,949	31,950	8,690
	1	115,364	115,365	84,481
Expenditures:				
Library materials	-	-	-	1,200
Net revenues	1	115,364	115,365	83,281
Funds, beginning of year	763	1,550,486	1,551,249	1,467,968
Funds, end of year	\$ 764	\$ 1,665,850	\$ 1,666,614	\$ 1,551,249

11. Contingencies:

These financial statements include amounts for accrued salaries relating to the employee collective bargaining agreement. The ultimate responsibility to fund these accrued costs is under negotiation. The amounts accrued represent management's best estimate of the obligation of St. Catharines Public Library and these amounts are included in accounts payable and accrued liabilities.

12. Financial risks:

Liquidity Risk:

Liquidity risk is the risk of the inability of an entity to meet its current obligations from proceeds of current assets. The Library manages its liquidity risk by forecasting cash flows from operations and other activities and maintains credit facilities with the City to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations result in a financial loss. The Library is exposed to credit risk with respect to the accounts receivable. The Library manages credit risk as their activities are funded by grants and well-established organizations. An allowance of \$nil (2021 - \$nil) has been estimated for potential credit losses on balances due from unrelated parties.

ST. CATHARINES PUBLIC LIBRARY BOARD

Schedule 1 – Other Revenues

Year ended December 31, 2022

	(Unaudited)		
	Budget 2022	Actual 2022	Actual 2021
Fines and memberships	\$ 15,132	\$ 35,518	\$ 24,944
Interest	34,731	119,815	48,431
Photocopying	3,865	2,694	1,267
Programming fees	3,366	–	–
Sundry	16,010	27,550	15,671
Meeting room rental	8,618	5,193	1,817
AV services	1,157	2,814	120
Donations	–	83,415	75,791
	<u>\$ 82,879</u>	<u>\$ 276,999</u>	<u>\$ 168,041</u>

ST. CATHARINES PUBLIC LIBRARY BOARD

Schedule 2 – Expenses

Year ended December 31, 2022

	(Unaudited) Budget 2022	Actual 2022	Actual 2021
Salaries, wages and payroll taxes			
Library and clerical	\$ 4,330,079	\$ 3,490,877	\$ 3,177,266
Payroll taxes	–	760,166	753,722
	\$ 4,330,079	\$ 4,251,043	\$ 3,930,988
Library materials			
Audio	\$ 8,000	\$ –	\$ 462
Microfilm	6,000	3,154	5,274
Periodicals	339,000	428,647	323,818
Processing	7,500	13,906	11,855
	\$ 360,500	\$ 445,707	\$ 341,409
Occupancy			
Communications	\$ 40,810	\$ 40,597	\$ 41,270
Insurance	42,233	41,732	37,028
Rent and taxes	67,975	53,167	54,659
Repairs and maintenance	126,518	135,780	263,339
Security	15,160	15,156	12,756
Utilities	210,830	216,350	189,640
	\$ 503,526	\$ 502,782	\$ 598,692
General and administration			
Audio visual supplies	\$ –	\$ 1,838	\$ 3,076
Data processing	32,189	30,153	20,541
Equipment rental	10,425	7,035	5,778
Equipment repairs and maintenance	122,250	109,978	106,441
Library supplies	32,436	24,485	15,657
Printing and stationery	1,500	820	–
Professional fees	53,224	51,742	30,502
Programming	10,925	11,972	6,751
Sundry	34,034	28,664	16,287
Training and development	31,350	30,536	20,652
Transportation and postage	34,825	25,288	25,045
	\$ 363,158	\$ 322,511	\$ 250,730

ST. CATHARINES PUBLIC LIBRARY BOARD

Schedule 3 - Tangible Capital Assets

Year ended December 31, 2022

	Cost				Accumulated Amortization				Balance End of Year	Net Book Value
	Balance Beginning of Year	Additions	Disposals	Transfers	Balance End of Year	Balance Beginning of Year	Amortization	Disposals		
	\$	\$	\$		\$	\$	\$	\$	\$	\$
Land	25,138	-	-	-	25,138	-	-	-	-	25,138
Buildings	7,128,200	-	-	-	7,128,200	3,272,621	87,865	-	3,360,486	3,767,714
Building Improvements	1,270,917	1,074,805	-	-	2,345,722	222,159	82,217	-	304,376	2,041,346
Collection	4,566,536	371,237	(730,102)	-	4,207,671	2,460,776	627,128	(730,102)	2,357,802	1,849,869
Furniture and equipment	1,057,924	18,120	(35,073)	-	1,040,971	497,054	68,332	(35,073)	530,313	510,658
IT equipment	671,513	63,382	(97,527)	-	637,368	411,221	114,300	(97,527)	427,994	209,374
WIP	-	-	-	-	-	-	-	-	-	-
December 31, 2022	14,720,228	1,527,544	(862,702)	-	15,385,070	6,863,831	979,842	(862,702)	6,980,971	8,404,099
Land	25,138	-	-	-	25,138	-	-	-	-	25,138
Buildings	7,128,200	-	-	-	7,128,200	3,184,756	87,865	-	3,272,621	3,855,579
Building improvements	736,459	390,253	(14,700)	158,905	1,270,917	184,043	47,304	(9,188)	222,159	1,048,758
Collection	4,811,028	477,744	(722,236)	-	4,566,536	2,512,787	670,225	(722,236)	2,460,776	2,105,760
Furniture and equipment	1,020,746	43,540	(6,362)	-	1,057,924	436,110	67,306	(6,362)	497,054	560,870
IT equipment	762,854	21,480	(112,821)	-	671,513	407,086	115,775	(111,640)	411,221	260,292
WIP	158,905	-	-	(158,905)	-	-	-	-	-	-
December 31, 2021	14,643,330	933,017	(856,119)	-	14,720,228	6,724,782	988,475	(849,426)	6,863,831	7,856,397

Financial Statements of

**ST. CATHARINES TRANSIT
COMMISSION**

And Independent Auditor's Report thereon

Year ended December 31, 2022

ST. CATHARINES TRANSIT COMMISSION MANAGEMENT REPORT

December 31, 2022

The accompanying financial statements of the St. Catharines Transit Commission (the "Service") are the responsibility of the Service's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Service management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Service meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Service. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Service's financial statements.

David Oakes
City of St. Catharines, Chief
Administrative Officer (CAO)

Kristine Douglas
City of St. Catharines, Director
of FMS/City Treasurer



KPMG LLP
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St. Catharines ON L2R 7G1
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Tel 905-685-4811
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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the St. Catharines Transit Commission, Members of Council, Inhabitants and Ratepayers of The Corporation of the City of St. Catharines

Opinion

We have audited the financial statements of the St. Catharines Transit Commission (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations, its changes in net 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. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our Auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.



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- 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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

September 14, 2023

ST. CATHARINES TRANSIT COMMISSION

Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash	\$ 853,662	\$ 4,202,590
Accounts receivable	3,037,001	1,693,006
Due from City of St. Catharines (note 7)	–	62,827
Total financial assets	3,890,663	5,958,423
Liabilities		
Accounts payable and accrued liabilities	1,806,596	3,318,634
Due to City of St. Catharines (note 7)	1,520,463	–
Deferred revenue (note 4)	280,672	922,082
Post-employment benefits (note 2)	1,403,300	3,584,500
Long-term liabilities (note 3)	2,237,825	1,479,686
	7,248,856	9,304,902
Net debt	(3,358,193)	(3,346,479)
Non-financial assets		
Tangible capital assets (schedule 1)	38,248,436	33,907,770
Inventories	964,166	871,357
Prepaid expenses	–	216,637
	39,212,602	34,995,764
Subsequent event (note 10)		
Accumulated surplus (note 5)	\$ 35,854,409	\$ 31,649,285

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ST. CATHARINES TRANSIT COMMISSION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 9)	2022	2021
Revenues:			
Municipal contribution (note 7)	\$ 14,044,000	\$ 13,487,933	\$ 13,636,595
Government transfers (note 7)	–	10,886,890	14,557,381
Conventional farebox income	7,529,493	8,016,699	5,833,029
Paratransit farebox income	69,292	61,686	43,397
Thorold service municipal contribution	846,396	1,125,812	821,868
Thorold Paratransit contract services	65,538	107,614	31,419
Intown charters	17,000	–	–
School Board farecard income	90,000	1,500	30,000
Downtown terminal	193,452	266,831	198,385
Inter-municipal transit contract	2,342,857	2,687,974	2,024,869
Bus advertising	120,000	120,000	120,000
Shelter advertising	129,250	116,885	119,058
Other income	46,896	230,734	89,584
Paratransit donations	–	–	3,000
	25,494,174	37,110,558	37,508,585
Expenses:			
Transportation	14,286,938	12,634,692	13,748,576
Fuel	3,176,340	4,290,591	2,594,562
Equipment and vehicle maintenance	4,243,652	4,598,783	4,140,858
Premises and plant	798,708	1,146,925	1,420,931
Downtown terminal	770,634	723,434	729,292
General and administration	2,635,077	3,082,369	2,547,460
Paratransit operating	1,591,310	1,672,804	1,524,347
Paratransit taxi contract	–	107,614	31,045
Thorold Paratransit services	65,538	–	19,409
Amortization of tangible capital assets	–	4,648,222	3,721,447
	27,568,197	32,905,434	30,477,927
Annual (deficit) surplus	(2,074,023)	4,205,124	7,030,658
Accumulated surplus, beginning of year	31,649,285	31,649,285	24,618,627
Accumulated surplus, end of year	\$ 29,575,262	\$ 35,854,409	\$ 31,649,285

See accompanying notes to financial statements.

ST. CATHARINES TRANSIT COMMISSION

Statement of Changes in Net Debt

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Annual surplus	\$ 4,205,124	\$ 7,030,658
Acquisition of tangible capital assets	(8,988,888)	(10,647,241)
Amortization of tangible capital assets	4,648,222	3,721,447
Change in inventories	(92,809)	(124,109)
Change in prepaid expenses	216,637	26,260
(Increase) decrease in net debt	(11,714)	7,015
Net debt, beginning of year	(3,346,479)	(3,353,494)
Net debt, end of year	\$ (3,358,193)	\$ (3,346,479)

See accompanying notes to financial statements.

ST. CATHARINES TRANSIT COMMISSION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 4,205,124	\$ 7,030,658
Item not involving cash:		
Amortization of tangible capital assets	4,648,222	3,721,447
	8,853,346	10,752,105
Changes in non-cash working capital		
Increase in accounts receivable	(1,343,995)	(770,484)
Increase in Inventories	(92,809)	(124,109)
(Decrease) increase in accounts payable and accrued liabilities	(1,512,038)	1,859,985
(Decrease) increase in deferred revenue	(641,410)	65,725
Increase in due to/from City of St. Catharines	1,583,290	252,167
Decrease in prepaid expenses	216,637	26,260
Decrease in employee future benefits	(2,181,200)	(79,325)
	4,881,821	11,982,324
Investing:		
Acquisition of tangible capital assets	(8,988,888)	(10,647,241)
Financing:		
Long-term debt issued	945,000	540,000
Repayment of long-term debt	(186,861)	(81,949)
	758,139	458,051
(Decrease) increase in cash	(3,348,928)	1,793,134
Cash, beginning of year	4,202,590	2,409,456
Cash, end of year	\$ 853,662	\$ 4,202,590

See accompanying notes to financial statements.

ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements

Year ended December 31, 2022

The St. Catharines Transit Commission (the "Service") was established pursuant to the St. Catharines Act 1961 and is comprised of the operations formerly known as St. Catharines Transit Commission - Urban Service and the Paratransit System of St. Catharines. The purpose of the Service is to provide a safe, courteous and reliable transit service which responds to the needs of the community.

1. Significant accounting policies:

The financial statements of the Service are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Service are as follows:

(a) Accrual accounting:

The Service follows the accrual method of reporting revenue and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a receipt of goods and services and/or the creation of a legal obligation to pay.

(b) Other income:

Other income is recognized as revenue in the period earned.

(c) Government transfers:

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the Statement of Operations and Accumulated Surplus as the stipulations giving rise to the liabilities are settled.

(d) 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.

ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at historic cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location.

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized using half the normal rate. Disposals are amortized using half the normal rate. Work in progress assets are not amortized until complete and the asset is available for use.

Asset	Years
Land improvements	15 - 25
Buildings	5 - 75
Structures	10 - 20
Equipment	5 - 30
Furniture	20
IT equipment - Conventional	2 - 15
IT equipment - Paratransit	7
Vehicles - Conventional	6 - 12
Vehicles - Paratransit	7 - 12
Service and shuttles	7

(ii) Inventories:

Inventories held for consumption are valued at lower of cost and replacement cost.

(e) Deferred revenue:

Deferred revenue represents contract fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(f) Employee future benefits:

The Service pays certain medical, dental and life insurance benefits on behalf of its retired employees which will require funding in future periods. The costs of life insurance and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, health care cost trends, long term inflation rates and discount rates.

For self-insured and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as service payments and health and dental benefits for retirees, the cost is actuarially determined using the projected unit credit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gain or loss related to the past service of employees are amortized over the expected average remaining service life of the employee group.

The cost of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

(g) 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates and assumptions are based on management's best information and judgement and actual results could differ from these estimates.

ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Post-employment benefits:

	2022	2021
Post-employment benefits	\$ 1,403,300	\$ 3,584,500

Post-employment benefits

The Service pays certain medical, dental and life insurance benefits on behalf of its retired employees.

	2022	2021
Accrued benefit obligation, beginning of year	\$ 2,633,900	\$ 2,592,725
Current service cost	120,600	141,775
Actuarial gain	(815,000)	—
Plan curtailment incurred in year	(1,096,600)	—
Interest on accrued benefit obligations	63,600	76,700
Benefits paid during the year	(143,500)	(177,300)
Accrued benefit obligation, end of year	763,000	2,633,900
Unamortized actuarial gain	640,300	950,600
Liability, end of year	\$ 1,403,300	\$ 3,584,500

In the current year, amortization of the actuarial gain of \$1,125,300 was recognized in the statement of operations and accumulated surplus. The remaining unamortized actuarial gain will be amortized over the expected average remaining service life of 11 years.

Effective January 1, 2023, all active Transit employees were also transferred to the Niagara Transit Commission as further described in note 10. In transferring the Transit employees, the accrued benefit obligation decreased by \$1,096,600 as at December 31, 2022 and was recognized as a plan curtailment in 2022. The portion of the unamortized actuarial gains related to the transferred Transit employees was also fully recognized in 2022.

Actuarial valuations are performed on post-employment and retirement benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality.

The main actuarial assumptions employed for the valuation are as follows:

The accrued benefit liability for post-employment benefits was determined by actuarial valuation performed as at December 31, 2022 using a discount rate of 4.60% (2021 - 2.90%).

General Inflation - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% per annum.

ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Post-employment benefits (continued):

Health and dental trend costs – Health care trend rates of 7.30% in 2022, reducing linearly to 4.50% by 2043. Dental care trend rates of 4.50%, are assumed.

Mortality is based on the Canadian Institute of Actuaries' 2014 CPM Public Table with MI-2017 Scale.

The next actuarial valuation is required to be performed no later than January 1, 2025.

3. Long-term liabilities:

(a) The balance of long-term liabilities comprised of debentures with varying maturity dates, reported on the Statement of Financial Position is as follows:

	2022	2021
Long-term liabilities which bear interest at 2.229% per annum	\$ 232,998	\$ 276,686
Long-term liabilities which bear interest at 2.015% per annum	83,000	123,000
Long-term liabilities which bear interest at 1.782% per annum	976,827	1,080,000
Long-term liabilities which bear interest at 3.793% per annum	945,000	–
Balance, end of year	\$ 2,237,825	\$ 1,479,686

(b) Principal payments due over the next five years and thereafter are as follows:

2023	\$ 269,615
2024	274,862
2025	237,586
2026	242,901
2027	248,680
Thereafter	964,181
	\$ 2,237,825

(c) Interest expense on long-term liabilities amounted to \$22,298 (2021 - \$16,938) for the year.

(d) Long-term liabilities represent amounts owing to The Corporation of the City of St. Catharines.

ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Deferred revenue:

	2022	2021
Balance, beginning of year	\$ 922,082	\$ 856,357
Contributions received	–	767,131
Revenue earned	(641,410)	(701,406)
Balance, end of year	\$ 280,672	\$ 922,082

5. Accumulated surplus:

	2022	2021
Invested in tangible capital assets	\$ 38,248,436	\$ 33,907,770
Operating reserve funds	1,247,098	2,805,701
Amount to be recovered - post-employment benefits	(1,403,300)	(3,584,500)
Amount to be recovered - long-term liabilities	(2,237,825)	(1,479,686)
Accumulated surplus, end of year	\$ 35,854,409	\$ 31,649,285

6. Economic dependence:

The Corporation of the City of St. Catharines is obligated to subsidize the Service for any excess of expense over revenue.

7. Related party transactions:

As a formal Commission established pursuant to Provincial legislation, with Council representation, the Service and the Corporation of the City of St. Catharines ("the City") are considered related parties. The City is the sole shareholder of the Service and as such, the Service is consolidated with the City's annual consolidated financial statements. Amounts owing to or from the City are non-interest bearing with no specific repayment terms. Long-term liabilities included in the statement of financial position owing to the City are disclosed in note 3.

The City charges the Service for certain costs on a flat fee basis with some rent charged at a nominal fee. These charges are as follows:

	2022	2021
Data processing	\$ 11,394	\$ 11,394
Downtown bus terminal rent	1	1
2012 First Street Louth land and building lease	1	1

ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Related party transactions (continued):

The City provides annual funding as part of the municipal tax levy. In 2022, the City provided \$13,487,933 (2021 - \$13,636,595) in funding. The City also provides grant funding through various Provincial and Federal grants. In 2022, the Service recognized \$10,886,890 (2021 - \$14,557,381) in grant funding from the City.

The Service has recognized the Service's head office location as an asset which is operated under a lease for an indeterminate term at the pleasure of Council with the Corporation of the City of St. Catharines (the "landlord"). The cost assigned to the asset on transition to Public Sector Accounting Standards PS 3150 *Tangible Capital Assets* and recognized in the Services' financial statements is \$7,066,694 (2021 - \$7,066,694), net of accumulated amortization of \$2,963,114 (2021 - \$2,868,891). Amortization expense on the building under capital lease is \$94,223 (2021 - \$94,223) and has been charged to the statement of operations. The leased asset is presented within Tangible Capital Assets on the statement of financial position.

8. Pension agreement:

The Service makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 224 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Service does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was on December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion deficit). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

The amount contributed to OMERS for 2022 was \$1,378,623 (2021 - \$1,299,975) for current service and is included as an expense on the Statement of Operations and Accumulated Surplus.

On January 1, 2022, the yearly maximum pension earnings increased to \$64,900 from \$61,600. The contributions are calculated at a rate of 9.2% (2021 - 9.2%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 15.8% (2021 - 15.8%) for amounts above the yearly maximum pension earnings based on a normal retirement age of 60.

9. Budget information:

The budget data presented in these financial statements is based upon the 2022 budget approved by the Service on December 13, 2021. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such were not provided on the statement of changes in net debt.

ST. CATHARINES TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Subsequent event:

Subsequent to year end, the St. Catharines Transit Commission amalgamated with the Niagara Falls Transit, Welland Transit and Fort Erie Transit systems into the Niagara Transit Commission. Effective January 1, 2023 the assets and liabilities of the St. Catharines Transit Commission were transferred to Niagara Transit Commission who effectively will perform all public transportation services for the Niagara Region.

ST. CATHARINES TRANSIT COMMISSION

Schedule 1 - Tangible Capital Assets

For the year ended December 31, 2022, with comparative information for 2021

	Cost			Accumulated Amortization			Balance, End of year	Net book value	
	Balance, Beginning of year	Additions	Disposals/ Transfers	Balance, End of year	Balance Beginning of year	Amortization			Disposals
Land	\$ 357,225	\$ –	\$ –	\$ 357,225	\$ –	\$ –	\$ –	\$ 357,225	
Land improvements	923,871	–	–	923,871	715,578	19,645	–	188,648	
Buildings	9,398,453	–	117,756	9,516,209	3,285,527	185,446	–	6,045,236	
Structures	2,322,950	66,631	58,455	2,448,036	713,919	139,021	–	1,595,096	
Equipment	5,130,577	–	–	5,130,577	2,785,984	250,261	–	2,094,332	
Furniture	55,937	17,717	–	73,654	7,518	5,988	–	60,148	
IT equipment – Conventional	5,885,718	122,300	383,269	6,391,287	3,260,284	822,215	–	2,308,788	
IT equipment – Paratransit	322,057	135,711	–	457,768	276,020	43,825	–	137,923	
Vehicles – Conventional	46,595,192	6,336,688	(4,210,154)	48,721,726	28,072,128	2,922,069	4,210,154	21,937,683	
Vehicles – Paratransit	1,854,265	174,262	(39,555)	1,988,972	526,626	215,884	39,555	1,286,017	
Service and shuttles	185,346	243,492	–	428,838	39,717	43,868	–	345,253	
Work in progress	559,480	1,892,087	(559,480)	1,892,087	–	–	–	1,892,087	
December 31, 2022	\$73,591,071	\$ 8,988,888	\$(4,249,709)	\$ 78,330,250	\$39,683,301	\$ 4,648,222	\$ 4,249,709	\$ 40,081,814	\$ 38,248,436
Land	\$ 357,225	\$ –	\$ –	\$ 357,225	\$ –	\$ –	\$ –	\$ 357,225	
Land improvements	825,019	98,852	–	923,871	699,228	16,350	–	208,293	
Buildings	9,398,453	–	–	9,398,453	3,099,910	185,617	–	6,112,926	
Structures	1,932,049	374,110	16,791	2,322,950	594,606	119,313	–	1,609,031	
Equipment	4,928,449	202,128	–	5,130,577	2,537,994	247,990	–	2,344,593	
Furniture	11,036	44,901	–	55,937	4,691	2,827	–	48,419	
IT equipment – Conventional	5,000,726	723,740	161,252	5,885,718	2,660,775	599,509	–	2,625,434	
IT equipment – Paratransit	322,057	–	–	322,057	229,556	46,464	–	46,037	
Vehicles – Conventional	42,982,192	7,947,000	(4,334,000)	46,595,192	30,111,009	2,295,119	(4,334,000)	18,523,064	
Vehicles – Paratransit	1,571,254	697,030	(414,019)	1,854,265	758,865	181,780	(414,019)	1,327,639	
Service and shuttles	185,346	–	–	185,346	13,239	26,478	–	145,629	
Work in progress	178,043	559,480	(178,043)	559,480	–	–	–	559,480	
December 31, 2021	\$67,691,849	\$10,647,241	\$(4,748,019)	\$73,591,071	\$40,709,873	\$ 3,721,447	\$ 4,748,019	\$39,683,301	\$33,907,770

Financial Statements of

**FIRSTONTARIO ST. CATHARINES
PERFORMING ARTS
CENTRE BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of FirstOntario St. Catharines Performing Arts Centre Board

Opinion

We have audited the accompanying financial statements of FirstOntario St. Catharines Performing Arts Centre Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations, its changes in net assets 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. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 auditors' 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 the 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.



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- 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 Entity'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 Entity'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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

May 24, 2023

FIRSTONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 1,771,474	\$ 1,499,542
Accounts receivable (notes 9)	259,858	40,814
HST receivable	-	8,060
Due from the City of St. Catharines (note 2)	-	22,147
Prepaid expenses	225,160	149,634
Inventories (note 3)	21,330	11,429
	\$ 2,277,822	\$ 1,731,626
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	\$ 744,919	\$ 483,227
HST payable	25,643	-
Due to the City of St. Catharines (note 2)	2,942	-
Deferred revenue (note 4)	558,046	417,888
Advance ticket sales and donations	182,579	299,450
Deferred grant revenue (note 5)	173,880	132,421
	1,688,009	1,332,986
Post-employment benefits (note 6)	38,000	29,700
	1,726,009	1,362,686
Net assets:		
Unrestricted	-	-
Internally restricted:		
Sustainability reserve (note 1(g))	471,695	275,320
Encumbrance reserve (note 1(g))	80,118	93,620
	551,813	368,940
COVID-19 (note 7)		
	\$ 2,277,822	\$ 1,731,626

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

_____ Director

_____ Director

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Earned revenue (Schedule 1)	\$ 1,987,407	\$ 455,324
Government grants	624,144	208,879
Municipal investment (Schedule 2)	1,598,263	1,585,334
Fund development	198,831	71,267
Contributions and other (Schedule 3)	995,465	838,183
Cultural Capital Investment Fund revenues (Schedule 4)	126,474	44,089
	5,530,584	3,203,076
Expenses (Schedule 5):		
Administration	1,263,374	1,020,916
Building operations	428,028	430,548
Finance and other	128,841	98,695
Fund development	29,741	2,848
Marketing and box office	591,292	236,963
Office	113,117	86,291
Programming, production and rentals	2,666,845	1,107,086
Cultural Capital Investment Fund expense (Schedule 4)	126,474	44,089
	5,347,712	3,027,436
Excess of revenues over expenses	\$ 182,873	\$ 175,640

Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

	Unrestricted	Internally Restricted		2022 Total	2021 Total
		Encumbrance Reserve*	Sustainability Reserve		
Net assets, beginning of year	\$ -	\$ 93,620	\$ 275,320	\$ 368,940	\$ 193,300
Excess of revenues over expenses	182,873	-	-	182,873	175,640
Internal restrictions/transfers	(182,873)	(13,502)	196,375	-	-
Net assets, end of year	\$ -	\$ 80,118	\$ 471,695	\$ 551,813	\$ 368,940

*The Encumbrance reserve funds commitments that were not able to be completed during the year and must be carried over to future fiscal periods.

The accompanying notes are an integral part of these financial statements.

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities:		
Excess of revenues over expenses	\$ 182,873	\$ 175,640
Changes in non-cash assets and liabilities:		
Accounts receivable	(219,044)	62,787
HST receivable	8,060	15,696
Due from City of St. Catharines	22,147	4,135
Prepaid expense	(75,526)	(71,739)
Inventory	(9,901)	(502)
Accounts payable and accrued liabilities	261,692	134,832
HST payable	25,643	-
Due to the City of St. Catharines	2,942	-
Deferred revenue	140,158	234,768
Advance ticket sales and donations	(116,871)	281,508
Deferred grant revenue	41,459	35,563
Post-employment benefits	8,300	7,700
Net change in cash from operating activities	271,932	880,388
Cash, beginning of year	1,499,542	619,154
Cash, end of year	\$ 1,771,474	\$ 1,499,542

The accompanying notes are an integral part of these financial statements.

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements

Year ended December 31, 2022

The financial statements of FirstOntario St. Catharines Performing Arts Centre Board (the "Board") were established pursuant to section 196 of the *Municipal Act, 2001* on October 1, 2018 in accordance with By-law No. 2018-177 of the City of St. Catharines. The FirstOntario Performing Arts Centre (PAC) was owned and managed by the City of St. Catharines until December 31, 2019. The Board was established as a Municipal Service Board and began operations on January 1, 2020. Governed under a Relationship Agreement, the Board manages and operates the PAC business, while the City of St. Catharines owns the building and assets related to PAC. The purpose of the Board is to promote, develop and encourage the performing arts in the City of St. Catharines, and to operate PAC and the associated business on an independent and fiscally sound basis.

1. Significant accounting policies:

Significant accounting policies adopted by the Board are as follows:

(a) Basis of presentation and accounting:

The financial statements of the Board are the representation of management and have been prepared in accordance with the Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

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

(b) Government transfers:

Government transfers, including municipal investments, are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue, as the liability is extinguished.

(c) Other revenues:

Other revenues, including ticket sales, fees for services, concessions, rental, advertising and interest income, are reported as revenue in the period earned and collection is reasonably assured.

(d) Inventories:

Inventories are valued at the lower of cost and replacement cost.

FIRSTONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(e) Post-employment benefits:

The Board provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees. The costs of life insurance and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, health care cost trends, earned days accumulated for certain employees payable at retirement, long term inflation rates and discount rates.

(f) Deferred revenues:

Deferred revenues, including grant revenues, represent funds collected for which related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year in which the related services are performed.

(g) Internally restricted net assets:

Internally restricted net assets of the FirstOntario St. Catharines Performing Arts Centre Board are as follows:

- i) Encumbrance reserve was established to fund commitments and initiatives that were included as part of the operations of the Board that were not able to be completed during the year and must be carried over to future fiscal periods.
- ii) Sustainability reserve was established as part of the relationship agreement to mitigate the future impact of extraordinary business expenditures and fluctuations in revenues and to take advantage of opportunities.

(h) Volunteer time:

The value of volunteer time of Board members and of the community volunteers is not reflected in these financial statements as it is difficult to measure these hours.

(i) Use of estimates:

The preparation of financial statements in accordance 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in performing actuarial valuations of liability for future benefits. Actual results could differ from those estimates.

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Due from/to City of St. Catharines:

The amount due from/to the City of St. Catharines is non-interest bearing and has no fixed repayment terms.

3. Inventories:

Inventories consists of the following:

	2022	2021
Alcohol products	\$ 2,721	\$ 8,983
Concession products	18,609	2,446
Total	\$ 21,330	\$ 11,429

4. Deferred revenue:

Deferred revenue relates to funds from the following sources:

	2022	2021
Ticket sales	\$ 352,922	\$ 276,580
Unredeemed gift certificates	76,073	66,391
Sponsorship revenue	28,591	14,913
Deposits for rentals	75,406	40,899
Access ticket program (note 10)	25,054	19,105
Total	\$ 558,046	\$ 417,888

5. Deferred grant revenue:

Deferred grant revenue relates to funds from the following sources:

	2022	2021
Department of Canadian Heritage	\$ 146,852	\$ 47,421
Canada Council for the Arts	13,503	85,000
Ontario Presents	13,525	–
Total	\$ 173,880	\$ 132,421

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Post-employment benefits:

Post-employment benefits are comprised of health and dental benefits, as well as life insurance for permanent full-time retirees retiring on unreduced Ontario Municipal Employees Retirement System (OMERS) pensions up to the age of 65.

The Board recognizes the post-employment benefit costs as they are earned during the year. The Board's obligation under the post-employment provisions of employment agreements will be funded out of current revenue.

The post-employment benefit obligation of \$38,000 (2021 – \$29,700) for retirement benefits products was determined based on projections from an actuarial report prepared as at December 31, 2022.

Information about the Board's post-employment benefit liability is as follows:

	2022	2021
Accrued benefit obligation		
Balance, beginning of year	\$ 29,700	\$ 22,000
Current services costs	6,900	6,900
Actuarial gain	(7,400)	–
Interest on accrued benefit obligation	1,100	800
Balance, end of year	30,300	29,700
Unamortized actuarial gain/loss	7,700	–
Balance, end of year	\$ 38,000	\$ 29,700

Actuarial valuations are performed on post-employment and retirement benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality.

The main actuarial assumptions adopted for the valuation are as follows:

The accrued benefit liability for post-employment benefits was determined by the actuarial valuation performed as at December 31, 2022 using a discount rate of 4.60% (2021 - 2.90%).

General Inflation - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% per annum.

Health and dental trend rates – Health care trend rates of 7.30% in 2022, reducing linearly to 4.50% by 2043. Dental care trend rates of 4.50%, are assumed.

Mortality is based on the Canadian Institute of Actuaries' 2014 CPM Public Table with MI-2017 Scale.

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. COVID-19:

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. These public health and emergency measures have resulted in an economic slowdown, restrictions on public gatherings and activities. Government guidelines have limited the Board's activity and regular operations, including a shutdown for the first two months of 2022. The Board has continued to engage local organizations, artists and other stakeholders in a meaningful manner through the development of community partnerships, grant opportunities and other projects.

Known impacts include the loss of earned and contributed revenues which have been offset by significant cuts in expenditures. By the end of the 2022 fiscal year, the Entity experienced a full return to operations to the point of a full venue capacity, while complying with public health guidelines for public gatherings. The Board was not eligible to apply for certain government COVID-19 relief programs such as the Canadian Emergency Wage Subsidy (CEWS), due to having the designation of municipal service board, which further impacted staffing levels during the pandemic. It remains difficult to reliably estimate the ultimate duration, severity of the consequences and recovery period of COVID-19, as well as the impact on the financial position and results of operations of the Board for future periods.

8. Capital and equipment reserves held by the City of St. Catharines:

As part of the Relationship Agreement with the City of St. Catharines, the Board collects and transfers to reserves held by the City, capital surcharges that apply to ticket sales with the purpose of funding future capital and equipment requirements. Capital reserve activity during the year is as follows:

	2022	2021
Capital reserve, beginning of the year	\$ 248,945	\$ 367,081
Transfer to equipment reserve	-	(106,541)
Transfer from project surplus	-	394
Donations	26,600	26,600
Ticket surcharges	42,158	14,696
Project costs incurred	(9,131)	(53,285)
Capital reserve before commitments	308,572	248,945
Less: Commitments	(91,684)	(100,815)
Capital reserve, end of year	\$ 216,888	\$ 148,130

FIRSTONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Capital and equipment reserves held by the City of St. Catharines (continued):

Equipment reserve activity during the year is as follows:

	2022	2021
Equipment reserve, beginning of the year	\$ 148,231	\$ –
Transfer from Capital reserve	–	106,541
Transfer from project surplus	–	394
Donations	26,600	26,600
Ticket surcharges	42,158	14,696
Equipment reserve, end of year	\$ 216,989	\$ 148,231

9. Related party transactions:

The Board received the following revenues from the City of St. Catharines, which are recognized at the exchange amount agreed to by the related parties:

	2022	2021
Municipal investment	\$ 1,644,838	\$ 1,607,857
Capital assets transferred	(46,575)	(22,523)
Other income	37,078	6,250
Earned revenue	21,925	8,880
	\$ 1,657,266	\$ 1,600,464

Other income from the City of St. Catharines is made up of contributions toward specific events in line with the Board's mandate and other operational activities in addition to the municipal investment.

As described in Article 5 – Capital Reserves of the Relationship Agreement with the City of St. Catharines, the Board shall establish and apply to every performance ticket sold, excluding film and children's presentations, a capital surcharge for capital replacement purposes. During 2022, the Board generated \$126,474 (2021 - \$44,089) for the Cultural Capital Investment Fund (Schedule 4), and the Board paid this amount to the City of St. Catharines. The amounts are recognized at the exchange amount agreed to by the related parties.

Included in accounts receivable at the end of the year is a receivable from the City of St. Catharines of \$105,025 (2021 - \$17,589).

Included in accounts payable and accrued liabilities at the end of the year is a payable to the City of St. Catharines of \$224,056 (2021 - \$113,112). The amounts due are non-interest bearing with no specified payment terms.

During the year, as part of the relationship agreement with the City of St. Catharines, the Board transferred \$46,575 (2021 - 22,523) in capital assets purchased to the City of St. Catharines.

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Related party transactions (continued):

The Board offers diverse and curated programs drawing from a variety of local, national and international artists and various art forms.

As part of the Relationship Agreement with the City of St. Catharines, the Board is not charged any rent for use of the building, however, the Board utilizes a portion of the annual investment from the City of St. Catharines to maintain and care for building and equipment. The measurement of the rent is not included in the statement of operations.

10. Access ticket program:

The PAC's access program funds such programs as the ImPACt Education Series. ImPACt offers diverse, affordable tickets priced at \$10 per youth for programming that complements the Ontario Pre-K to Grade 12 curriculum. ImPACt also supports general ticket subsidies for youth.

During the year, access ticket programs activity was as follows:

	2022
Balance, beginning of the year	\$ 19,105
Donations	3,732
Ticket surcharges	3,780
Subsidies issued	(1,563)
Balance, end of year	\$ 25,054

11. Brock University agreement:

Brock University is a significant partner of the Board. The Marilyn I. Walker School of Fine and Performing Arts, the University's interdisciplinary centre for creative and scholarly activities composed of the Departments of Dramatic Arts, Music and Visual Arts, coordinates with the Board for the use of space and services to execute a multitude of programs and initiatives. The term of the Umbrella Agreement between the City of St. Catharines, Brock University and the Board is 10 years commencing on the date of occupancy of the Performing Arts Centre in September 2015. This Agreement outlines the supportive relationship between Brock University, the City and the Board with regards to the use of facilities and services relating to educational purposes, extra-curricular performances and other projects and partnerships. During the year, revenues associated with this agreement consist of \$827,368 (2021 - \$812,739).

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

12. Pension agreement:

The Board makes contributions to OMERS, which is a multi-employer plan, on behalf of 19 members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

As at December 31, 2022, OMERS had approximately 559,000 (2021 - 541,000) members. The most recently available OMERS annual report is for the year ended December 31, 2022, which reported that the plan was 95% funded. Contributions were made in the 2022 calendar year at rates ranging from 9.0% to 14.6% depending on the level of earnings. As a result, \$295,560 (2021 - \$218,939) was contributed to OMERS for current service. These contributions are included in the statement of operations under wages and benefits for both administration expenses and programming, production, and rentals expenses.

13. Financial risks:

Liquidity Risk:

Liquidity risk is the risk of the inability of an entity to meet its current obligations from proceeds of current assets. The Board manages its liquidity risk by forecasting cash flows from operations and other activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations result in a financial loss. The Board is exposed to credit risk with respect to the accounts receivable. The Board manages credit risk as their activities are funded by grants and well-established organizations. An allowance of \$nil (2021 - \$nil) has been estimated for potential credit losses on balances due from unrelated parties.

14. Comparative information:

Certain comparative information have been reclassified to conform with the financial statement presentation adopted in the current year.

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Schedule 1 – Earned Revenue

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Ticket sales	\$ 1,001,428	\$ 236,642
Fees for services	452,769	129,617
Concession	248,253	26,555
Rental	230,524	54,069
Advertising and other	54,433	8,441
	<u>\$ 1,987,407</u>	<u>\$ 455,324</u>

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Schedule 2 – Municipal Investment

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Municipal investment	\$ 1,644,838	\$ 1,607,857
Capital assets transferred (note 9)	(46,575)	(22,523)
	<u>\$ 1,598,263</u>	<u>\$ 1,585,334</u>

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Schedule 3 – Contributions and Other

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Brock University Agreement (note 11)	\$ 827,368	\$ 812,739
Other income	125,856	15,746
Interest income	42,241	9,698
	<u>\$ 995,465</u>	<u>\$ 838,183</u>

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Schedule 4 – Cultural Capital Investment Fund

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Capital Improvement Fund – Capital Reserve	\$ 42,158	\$ 14,696
Capital Improvement Fund – Equipment Reserve	42,158	14,696
Arts Development Fund – SCCIP	42,158	14,697
	<u>\$ 126,474</u>	<u>\$ 44,089</u>

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Schedule 5 - Expenses

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Administration:		
Wages and benefits	\$ 1,239,195	\$ 958,362
Equity, diversity and inclusion	-	11,848
HR expenses	8,101	4,981
Advisory services	16,078	45,725
	\$ 1,263,374	\$ 1,020,916
Building operations:		
Repairs and maintenance	\$ 156,339	\$ 204,546
Furniture and equipment	52,863	40,831
Utilities	218,826	185,171
	\$ 428,028	\$ 430,548
Finance and other:		
Bad debt expense (recovery)	\$ 91	\$ (18,536)
Insurance	32,187	30,157
Professional fees	38,428	45,294
Software and other	58,135	41,780
	\$ 128,841	\$ 98,695
Fund development:		
Fund development	\$ 29,741	\$ 2,848
	\$ 29,741	\$ 2,848
Marketing and box office:		
Advisory services	\$ 108,481	\$ 10,625
Marketing	272,683	76,641
Bank and credit card fees	72,642	36,619
Outreach and audience development	19,659	7,450
Postage	16,671	8,667
Printing	2,195	884
Software	93,354	91,467
Subscription and memberships	5,607	4,610
	\$ 591,292	\$ 236,963
Office:		
Conference expenses	\$ 10,754	\$ 1,630
Business expenses	5,610	4,792
Consulting fees	-	9,089
Training	14,779	5,494
Internet	39,216	39,216
Communications	15,859	17,687
Staff/volunteer appreciation	6,037	-
Office expenses	20,862	8,383
	\$ 113,117	\$ 86,291

FIRST ONTARIO ST. CATHARINES PERFORMING ARTS CENTRE BOARD

Schedule 5 – Expenses (continued)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Programming, production and rentals:		
Artist fees	\$ 703,163	\$ 213,086
Celebration of Nations expenses	211,159	95,655
Concession supplies and products	87,111	10,908
Show production and event expenses	161,593	77,610
Wages and benefits	1,503,819	709,827
	<u>\$ 2,666,845</u>	<u>\$ 1,107,086</u>

NIAGARA DISTRICT AIRPORT COMMISSION

Financial Statements

December 31, 2022

NIAGARA DISTRICT AIRPORT COMMISSION

Financial Statements

December 31, 2022

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NIAGARA DISTRICT AIRPORT COMMISSION

MANAGEMENT REPORT

December 31, 2022

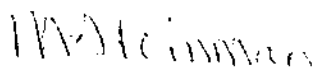
The financial statements of the Niagara District Airport Commission (the "Commission") are the responsibility of the Commission's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

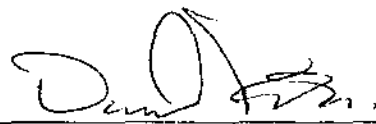
Commission management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Commission meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Crawford Smith & Swallow, Chartered Professional Accountants LLP, independent external auditors appointed by the Commission. The Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Commission's financial statements.



Mark Steinman
Treasurer



Daniel Pilon
CEO



**CRAWFORD
SMITH &
SWALLOW**

Chartered Professional Accountants LLP

4741 Queen Street
Niagara Falls, Ontario L2E 2M2
T 905 356 4200
F 905 356 3410

INDEPENDENT AUDITOR'S REPORT

To the Members of
Niagara District Airport Commission

Opinion

We have audited the financial statements of Niagara District Airport Commission (the "Commission"), 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 the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Niagara District Airport Commission as at December 31, 2022, and the results of its operations, and its cash flows and changes in net financial assets 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. 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 Commission 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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.

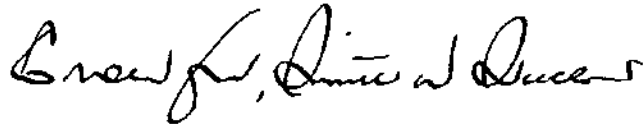
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) 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.
- b) 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 Commission's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 Commission'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 auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- e) 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Niagara Falls, Ontario
April 5, 2023



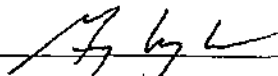
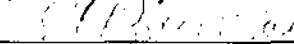
CRAWFORD SMITH & SWALLOW
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

NIAGARA DISTRICT AIRPORT COMMISSION
STATEMENT OF FINANCIAL POSITION

December 31, 2022

Assets	2022	2021
	\$	\$
Current Assets		
Cash and cash equivalents – Note 4	2,821,822	1,835,436
Accounts receivable	47,534	11,584
Sales tax recoverable	63,894	13,358
Prepaid expenses	19,339	22,125
	<u>2,952,589</u>	<u>1,882,503</u>
Capital Assets - Note 8, Schedules 6 and 7	8,395,676	8,394,174
Total Assets	<u>11,348,265</u>	<u>10,276,677</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	127,489	141,376
Government remittances payable	10,977	14,829
Deferred revenue	4,581	4,165
	<u>143,047</u>	<u>160,370</u>
Deferred Capital Contributions - Note 5	10,064,994	8,980,353
	<u>10,208,041</u>	<u>9,140,723</u>
Net Assets		
Invested in capital assets	293,004	341,480
Internally restricted - Note 7	548,598	548,598
Unrestricted	298,622	245,876
	<u>1,140,224</u>	<u>1,135,954</u>
Total Liabilities and Net Assets	<u>11,348,265</u>	<u>10,276,677</u>

Signed on behalf of the Commission:

 Commissioner
 Commissioner

NIAGARA DISTRICT AIRPORT COMMISSION
STATEMENT OF CHANGES IN NET ASSETS

for the year ended December 31, 2022

	Invested in Capital Assets \$	Internally Restricted Net Assets * \$	Unrestricted \$
Balance, Beginning of Year	341,480	548,598	245,876
Excess (Deficiency) of Revenue over Expenses for the Year	(48,476)		52,746
Balance, End of Year	293,004	548,598	298,622

	Total 2022 \$	Total 2021 \$
Balance, Beginning of Year	1,135,954	1,141,707
Excess (Deficiency) of Revenue over Expenses for the Year	4,270	(5,753)
Balance, End of Year	1,140,224	1,135,954

* See Note 7

NIAGARA DISTRICT AIRPORT COMMISSION

STATEMENT OF OPERATIONS

for the year ended December 31, 2022

	Budget *	Actual	Actual
	2022	2022	2021
	\$	\$	\$
Revenue			
Events	8,000	14,100	13,443
Fuel operations	25,240	28,285	16,719
Landing and parking fees	51,900	79,380	71,412
Miscellaneous income	1,300	2,055	48,280
Leasing income	211,520	209,902	197,847
Municipal grants - Schedule 1	476,790	476,790	463,335
Capital grant transferred to operations - Note 5	90,000	82,455	89,120
Interest income	17,400	59,524	11,886
	882,150	952,491	912,042
Operating Expenses			
Maintenance, building and property - Schedule 2	82,000	107,580	71,518
Maintenance, vehicles and equipment- Schedule 3	51,000	83,774	43,848
Operations - Schedule 4	215,380	170,810	205,656
Personnel - Schedule 5	533,770	537,581	548,156
	882,150	899,745	869,178
Operating Income	0	52,746	42,864
Other			
Gain on disposal of capital assets			2,200
Amortization of capital assets - Schedules 6 and 7	(565,108)	(562,050)	(557,604)
Amortization of deferred capital contributions - Note 5	514,291	513,574	506,787
	(50,817)	(48,476)	(48,617)
Excess (Deficiency) of Revenue over Expenses for the Year	(50,817)	4,270	(5,753)

* Budget amounts are unaudited

NIAGARA DISTRICT AIRPORT COMMISSION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2022

	2022	2021
	\$	\$
Operating Activities		
Excess (Deficiency) of revenue over expenses for the year	4,270	(5,753)
Amortization of capital assets	562,050	557,604
Amortization of deferred capital contributions	(513,574)	(506,787)
Gain on disposal of capital assets		(2,200)
Capital grants transferred to operations	(82,455)	(89,120)
Working capital used by operations	(29,709)	(46,256)
Changes in working capital components		
Accounts receivable	(35,950)	16,595
Sales tax recoverable	(50,536)	(6,988)
Prepaid expenses	2,786	4,781
Accounts payable and accrued liabilities	(13,887)	(16,400)
Government remittances payable	(3,852)	12,873
Deferred revenue	416	4,165
	(101,023)	15,026
Funds used by operating activities	(130,732)	(31,230)
Capital Activities		
Proceeds on disposal of capital assets		2,200
Purchases of capital assets	(566,732)	(264,670)
Funds used by capital activities	(566,732)	(262,470)
Financing Activities		
Deferred capital contribution received	1,683,850	320,000
Increase in Cash and Cash Equivalents	986,386	26,300
Cash and Cash Equivalents, Beginning of Year	1,835,436	1,809,136
Cash and Cash Equivalents, End of Year	2,821,822	1,835,436

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2022

Organization

The ownership of the Niagara District Airport was transferred from the Federal Government to the Town of Niagara-on-the-Lake (the "Town") in 1996. The Niagara District Airport Commission (the "Commission"), established in 1959, is entrusted with the control and management of the airport as per an agreement between the Town and the Commission dated September 13, 1996. The City of St. Catharines, the City of Niagara Falls, and the Town of Niagara-on-the-Lake have entered into an Airport Funding Agreement, which expires on December 31, 2026. The agreement established the Commission as a Joint Municipal Services Board under the Municipal Act and authorizes the Commission to hold all airport assets in trust. The Commission is a subsidiary of a municipal enterprise and, as such, is exempt from corporate income taxes.

1. Significant Accounting Policies

The financial statements of the Commission are the representations of management prepared in accordance with Canadian public sector accounting standards. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Financial reporting framework

The financial statements of the Commission have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of the standards, as issued by the Public Sector Accounting Board (PSAB for Government NPO's).

Revenue recognition

The Commission follows the deferral method of accounting for contributions. Deferred capital contributions are amounts received for the purchase and maintenance of capital assets. Contributions for the purchase of capital assets are deferred and amortized at a rate corresponding with the amortization rate for the related capital assets. Contributions for maintenance type capital expenditures are recognized as revenue in the period when the expenses are incurred. Other funds received for expenses of future periods are recognized as revenue in the period when the expenses are incurred. Unrestricted contributions, including municipal operating grants, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2022

1. Significant Accounting Policies - continued

Revenue recognition - continued

Unrestricted revenues including fuel operations, events, landing and parking fees and miscellaneous income are recognized as revenue when services are provided or goods are delivered. Rentals from land and office leases are recognized on a straight-line basis over the term of the agreements. Interest income is recognized in the statement of operations when earned.

Financial instruments

The Commission's financial instruments, consisting of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, are initially measured at fair value on acquisition and are subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized, and amortized over the life of the financial instrument.

Contributed services

The Commission receives contributed services in the form of significant time commitments made by the commissioners in the overseeing of operations. The fair value of such contributed services is not determinable and, therefore, not recognized in the financial statements.

Capital assets and amortization

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Expenditures for maintenance and repairs are charged to operating expenses. Betterments that extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Commission's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. Any unamortized deferred capital contribution amount related to the capital asset is recognized in gain or loss on disposal of capital assets in the statement of operations, provided there has been compliance with all restrictions.

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2022

1. Significant Accounting Policies - continued

Capital assets and amortization - continued

Amortization is calculated on a straight-line basis over the estimated useful lives as follows:

Land improvements	10 to 60 years
Buildings	20 to 60 years
Equipment	4 to 40 years
Furniture and fixtures	10 years
Computer equipment	3 to 6 years
Motor vehicles	5 to 20 years
Signs	2 to 20 years
External lighting	10 to 60 years
Linear assets	20 to 60 years

Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations.

2. Economic Dependence

The Commission receives a significant portion of its revenues and capital funding from the City of St. Catharines, City of Niagara Falls, and the Town of Niagara-on-the-Lake.

3. Budget figures

The budget figures presented on the statement of operations are based on the 2022 operating budget as approved by the Commission. These numbers have not been audited, but are presented for information purposes only. Budget figures have been reclassified to comply with PSAB for Government NPO's reporting requirements.

NIAGARA DISTRICT AIRPORT COMMISSION
NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2022

4. Cash and Cash Equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits available for withdrawal on demand and term deposits with original maturities of one year or less.

	2022	2021
	\$	\$
Operating account	971	15,433
Savings account	270,851	520,003
Term deposits - non-redeemable	1,900,000	750,000
- redeemable	650,000	550,000
	2,821,822	1,835,436
	2022	2021
	\$	\$
Cash and Cash Equivalents		
Unrestricted	310,903	359,179
Restricted - unspent deferred capital contributions	1,962,321	927,659
Restricted - internally restricted net assets	548,598	548,598
	2,821,822	1,835,436

5. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount and the unspent amount of grants received for capital related expenditures. The amortization of capital contributions is recorded in the statement of operations over the useful lives of the related capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2022	2021
	\$	\$
Balance, beginning of year	8,980,353	9,258,515
Add: contributions received for capital purposes	1,683,850	320,000
Less: net book value of capital assets disposed during the year	(3,180)	(2,255)
Less: amortization of deferred capital contributions	(513,574)	(506,787)
Less: transferred to operations during the year	(82,455)	(89,120)
Balance, End of Year	10,064,994	8,980,353

As at December 31, 2022 there was \$ 1,962,321 (2021 - \$ 927,659) of deferred capital contributions received which was not spent.

Of the \$1,683,850 (2021 - \$ 320,000) received for capital purposes, during the year \$ 325,000 was received from our municipal funding partners and \$ 1,358,850 (2021 - \$ nil) was received from the Federal Government of Canada through the Airport Capital Assistance Program (ACAP).

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2022

6. Employee Future Benefits

The Commission makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of all its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to over 500,000 active and retired members and over 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Commission does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2022 was \$ 33,062 (2021 - \$ 23,723) for current services and is included as an expense on the statement of operations.

On January 1, 2022, the yearly maximum pensionable earnings increased to \$ 64,900 from \$ 61,600 in 2021. The contributions are calculated at a rate of 9.0% (2021 - 9.0%) for amounts up to the yearly maximum pensionable earnings stated above and at a rate of 14.6% (2021 - 14.6%) for amounts above the yearly maximum pensionable earnings.

7. Internally Restricted Net Assets

In May 2017, the Commission approved a motion to transfer \$ 560,000 to internally restricted net assets. Internally restricted net assets are not available for other purposes without approval of the Commission. The purpose of this internally restricted fund is to assist with the funding of future capital expenditures. In the current year \$ nil (2021 - \$ nil) was utilized for approved capital expenditures. A cumulative total of \$ 11,402 (2021 - \$ 11,402) has been spent on approved capital expenditures.

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2022

8. Capital Assets

Capital assets disclosed at nominal values

Where an estimate of fair market value could not be made for a capital asset, the asset has been recognized at a nominal value. Nominal values totaling \$ 17 have been assigned to Land (\$ 2), Land Improvements (\$ 4), Buildings (\$ 5), External Lighting (\$ 5) and Signage (\$ 1).

Acquisition of capital assets

During the year, capital assets were acquired at an aggregate cost of \$ 566,732 (2021 - \$264,670).

9. Financial Risks

Transactions in financial instruments expose the Commission to certain financial risks and uncertainties. These risks include:

Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Commission has accounts receivable which are exposed to credit risk. The Commission monitors, on an ongoing basis, the credit risk to which the Commission is exposed and takes measures to mitigate any risk of loss. Provisions against losses from bad debts are recorded according to credit risk, historical trends, general economic situations and other information. Accounts receivable are net of an allowance for doubtful accounts of \$ 10,123 (2021 - \$ 228). As a result of an increase in accounts receivable, the Commission's exposure to credit risk has increased over the prior year.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Commission has term deposits of \$ 2,550,000 (2021 - \$ 1,300,000) that bears interest at fixed rates which will mature over the next fiscal year. Accordingly, the organization is exposed to the effects of fluctuations in market interest rates when these investments are reinvested. As a result of an increase in term deposits, the Commission's exposure to interest rate risk has increased over the prior year.

10. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenue and assets in the future. The Commission's contractual rights arise because of contracts entered into for land and office lease agreements. The amount received in 2022 as a result of these lease agreements was \$ 188,320 (2021 - \$ 183,070) including \$ 4,581 of deferred revenue (2021 - \$ 4,165). The lease agreements include annual CPI increases and expire between November 2022 and August 2037.

NIAGARA DISTRICT AIRPORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2022

11. Related Party Transactions

Included in the subcontractors expense are fees paid to a commissioner of \$ nil (2021 – \$ 5,000). These transactions were conducted in the normal course of operations and on terms similar to those with arm's length parties. They have been measured at the exchange amount being the amount of consideration established and agreed to by the related parties.

12. Request For Proposal

On September 1, 2021, the Niagara District Airport Commission (NDAC) released a Request for Proposal (RFP) to officially begin the process of finding a third party to operate the Niagara District Airport (NDA). The RFP invited proposals for a partner to enter into a long-term lease for the operations of the airport, located in the Town of Niagara-on-the-Lake.

Through this partnership, the NDAC was seeking to improve the airport's competitiveness and efficiency, while reducing municipal investment in airport operations and maintaining public safety and security. The partner would be expected to facilitate increased infrastructure investments, demonstrate the willingness to strategically grow targeted route development, and shape the airport's role in connecting with community partners.

In 2022, the Niagara District Airport Commission was unable to obtain the required approvals from the relevant municipal councils to proceed further with the RFP process and therefore cancelled the RFP.

13. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial presentation adopted for the current year.

NIAGARA DISTRICT AIRPORT COMMISSION
SCHEDULE OF MUNICIPAL OPERATING GRANTS
for the year ended December 31, 2022

	Budget *	Actual	Actual
	2022	2022	2021
	\$	\$	\$
City of St. Catharines	265,886	265,886	258,388
City of Niagara Falls	175,922	175,922	170,956
Town of Niagara-on-the-Lake	34,982	34,982	33,991
	476,790	476,790	463,335

* Budget amounts are unaudited

NIAGARA DISTRICT AIRPORT COMMISSION
SCHEDULE OF EXPENSES - MAINTENANCE, BUILDING
AND PROPERTY

for the year ended December 31, 2022

	Budget *	Actual	Actual
	2022	2022	2021
	\$	\$	\$
Building	20,000	25,171	11,270
Property	7,000	3,827	2,346
Runway	55,000	78,582	57,902
	82,000	107,580	71,518

* Budget amounts are unaudited

NIAGARA DISTRICT AIRPORT COMMISSION
SCHEDULE OF EXPENSES - MAINTENANCE, VEHICLES AND
EQUIPMENT
for the year ended December 31, 2022

	Budget *	Actual	Actual
	2022	2022	2021
	\$	\$	\$
Equipment	19,000	37,956	17,022
Gas and oil	20,000	29,428	16,171
Vehicles	12,000	16,390	10,655
	51,000	83,774	43,848

* Budget amounts are unaudited

NIAGARA DISTRICT AIRPORT COMMISSION**SCHEDULE OF EXPENSES - OPERATIONS**

for the year ended December 31, 2022

	Budget *	Actual	Actual
	2022	2022	2021
	\$	\$	\$
Advertising	2,000	1,434	1,486
Audit	12,000	12,000	12,750
Bad debt		8,730	(3,572)
Bank Charges	600	586	601
Commissioners' expenses	1,000	149	850
Conferences and meetings	5,000	2,831	806
Consulting services	8,000	1,393	2,640
Hydro and heating	28,000	27,810	26,245
Insurance	18,000	21,945	19,564
IT expenses	7,000	7,496	5,915
Legal	20,000	1,452	21,677
Memberships	4,200	3,864	
Miscellaneous	2,500	2,192	3,423
Office and general	12,500	11,601	12,601
Payroll service	2,400	2,400	7,498
Request for proposal expenses – Note 12	50,000	25,755	49,120
Safety management systems	5,500	6,000	6,000
Telephone and communications	12,000	13,394	19,394
Training	7,000	4,530	3,845
Waste management	3,180	3,146	3,113
Water and sewage	14,500	12,102	11,700
	215,380	170,810	205,656

* Budget amounts are unaudited

NIAGARA DISTRICT AIRPORT COMMISSION

SCHEDULE OF EXPENSES - PERSONNEL

for the year ended December 31, 2022

	Budget *	Actual	Actual
	2022	2022	2021
	\$	\$	\$
Salary and wages	418,360	427,336	416,443
Employee benefits – Note 6	110,410	101,961	87,640
Subcontractors – Note 11	5,000	8,284	44,073
	533,770	537,581	548,156

* Budget amounts are unaudited

NIAGARA DISTRICT AIRPORT COMMISSION

SCHEDULE OF CAPITAL ASSETS

for the year ended December 31, 2022

	Balance, Beginning of Year	Cost		Balance, End of Year	Balance, Beginning of Year	Accumulated Amortization		Balance, End of Year	Net Book Value
		Additions	Disposals and Transfers			Amortization	Disposals		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	25,437			25,437					25,437
Land improvements	7,508,975			7,508,975	3,832,592	347,722		4,180,314	3,328,661
Buildings	1,795,466	29,212		1,824,678	496,449	46,245		542,694	1,281,984
Equipment	1,577,160	25,460	(13,310)	1,589,310	514,438	62,619	(10,130)	566,927	1,022,383
Furniture and fixtures	32,302			32,302	30,664	468		31,132	1,170
Computer equipment	49,878			49,878	26,344	5,961		32,305	17,573
Motor vehicles	388,885	274,885		663,770	172,877	26,665		199,542	464,228
Signs	50,155			50,155	15,611	2,508		18,119	32,036
External Lighting	1,571,109			1,571,109	445,995	42,712		488,707	1,082,402
Linear assets	1,096,459	204,210		1,300,669	249,171	27,150		276,321	1,024,348
	14,095,826	533,767	(13,310)	14,616,283	5,784,141	562,050	(10,130)	6,336,061	8,280,222
Work in progress	82,489	68,014	(35,049)	115,454					115,454
	14,178,315	601,781	(48,359)	14,731,737	5,784,141	562,050	(10,130)	6,336,061	8,395,676

NIAGARA DISTRICT AIRPORT COMMISSION
SCHEDULE OF CAPITAL ASSETS

for the year ended December 31, 2021

	Cost			Balance		Accumulated Amortization		Balance, End of Year	Net Book Value
	Balance, Beginning of Year	Additions	Disposals and Transfers	End of Year	Beginning of Year	Amortization	Disposals		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	25,437			25,437					25,437
Land improvements	7,385,405	123,570		7,508,975	3,487,075	345,517		3,832,592	3,676,383
Buildings	1,795,466			1,795,466	450,439	46,010		496,449	1,299,017
Equipment	1,555,595	28,219	(6,654)	1,577,160	454,126	64,712	(4,400)	514,438	1,062,722
Furniture and fixtures	32,302			32,302	28,816	1,848		30,664	1,638
Computer equipment	43,712	6,166		49,878	19,499	6,845		26,344	23,534
Motor vehicles	364,328	37,213	(12,656)	388,885	161,540	23,993	(12,656)	172,877	216,008
Signs	50,155			50,155	13,103	2,508		15,611	34,544
External Lighting	1,567,109	4,000		1,571,109	403,437	42,558		445,995	1,125,114
Linear assets	1,088,909	7,550		1,096,459	225,558	23,613		249,171	847,288
	13,908,418	206,718	(19,310)	14,095,826	5,243,593	557,604	(17,056)	5,784,141	8,311,685
Work in progress	24,537	57,952		82,489					82,489
	13,932,955	264,670	(19,310)	14,178,315	5,243,593	557,604	(17,056)	5,784,141	8,394,174

Financial Statements of Canada Games Park

December 31, 2022

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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, 2022, and the statements of operations and changes in net 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, 2022, and the results of its operations, change in net 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 Consolidated 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 Consolidated 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 19, 2023

Canada Games Park
Statement of financial position
As at December 31, 2022

	Notes	2022
		\$
Financial assets		
Cash		173,553
Accounts receivable	3	375,773
		549,326
Liabilities		
Accounts payable and accrued liabilities	4	394,038
Deferred revenue	5	210,609
		604,647
Net debt		(55,321)
Non-financial assets		
Tangible capital assets	Schedule 1	101,769,472
Prepaid expenses		13,695
		101,783,167
Accumulated surplus	8	101,727,846

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

Approved by the Board

_____, Director

_____, Director

Canada Games Park
Statement of operations
Year ended December 31, 2022

	Notes	2022
		Actual
		\$
Revenues		
Rental		652,595
Concessions and catering		76,045
Advertising and other		9,019
Contributions	2	1,325,151
Contributed tangible capital assets		<u>103,345,536</u>
		105,408,346
Expenses		
Amortization expense		1,888,002
Bank fees		3,003
Communications		9,598
Concessions and catering		38,088
Furniture and equipment		37,564
Information technology		4,269
Insurance		126,698
Management fees		126,000
Marketing		6,479
Office expenses		8,658
Professional fees		22,000
Repairs and maintenance		285,584
Security		47,216
Utilities		444,600
Wages, salaries and benefits		<u>632,741</u>
		3,680,500
Annual and accumulated surplus		<u>101,727,846</u>

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

Canada Games Park
Statement of change in net debt
Year ended December 31, 2022

	2022
	Actual
	\$
Annual surplus	101,727,846
Acquisition of tangible assets	(311,938)
Contributed tangible assets	(103,345,536)
Amortization of tangible capital assets	1,888,002
Change in prepaid expenses	(13,695)
Change in net debt, and net debt, end of year	(55,321)

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

Canada Games Park
Statement of cash flows
Year ended December 31, 2022

	2022
	\$
Operating activities	
Annual surplus	101,727,846
Items not involving cash	
Amortization of tangible capital assets	1,888,002
Contribution of tangible capital assets	(103,345,536)
Change in non-cash assets and liabilities:	
Accounts receivable	(375,773)
Prepaid expenses	(13,695)
Accounts payable and accrued liabilities	394,038
Deferred revenue	210,609
Net change in cash from operating activities	485,491
Capital activities	
Acquisition of tangible capital assets	(311,938)
Net change in cash from capital activities	(311,938)
Increase in cash, and cash, end of year	173,553

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

Canada Games Park
Notes to the financial statements
December 31, 2022

Canada Games Park (the "Park") is a newly constructed, multi-purpose sports facility located in Thorold, Ontario, consisting of a new 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 a new 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 7).

(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.

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	2022 Total
	\$	\$	\$	\$	\$
Rentals	148,190	58,960	90,785	—	297,935
Contributions					
Operating deficit	276,773	276,773	276,773	—	830,319
Property insurance	27,768	27,768	27,768	27,769	111,073
Start up costs	112,810	112,810	112,810	—	338,430
Deferred contributions	(51,557)	(51,557)	(51,557)	—	(154,671)
	365,794	365,794	365,794	27,769	1,125,151
	513,984	424,754	456,579	27,769	1,423,086

2. Related party transactions (continued)

Revenue (continued)

In addition to related party contributions of \$1,125,151, total contributions on the Statement of Operations of \$1,325,151 include a \$200,000 capital contribution from ASM Global, the Park's independent operator, to be used at the discretion of the Consortium for any purpose related to improving the Park.

Participating consortium members contributed \$830,319 (\$276,773 each) to fund an anticipated 2022 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 \$183,759 was expended in 2022. The remaining \$154,671 balance is carried forward for use in 2023 (note 5).

The Canada Games Park facility was transferred from the Region of Niagara upon substantial completion at the estimated market value of \$103,345,536.

3. Accounts receivable

Accounts receivable is comprised of the following:

	2022
	\$
Facility rentals	78,849
Related party	
Brock University	157,285
City of St. Catharines	45,404
City of Thorold	45,054
Employee uniforms	1,256
Harmonized Sales Tax recoverable	48,050
	375,897
Less: allowance for doubtful accounts	(124)
	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:

	2022
	\$
Accounts payable	159,774
Accrued expenses	194,103
Due to City of St. Catharines	40,161
	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 the year \$183,760 of startup costs were incurred. The unused amount of startup contributions of \$154,670 is reported as deferred revenue and will be recognized as contribution revenue when related expenses are incurred (Note 5).

Deferred revenue is comprised of the following:

	2022
	<u>\$</u>
Prepaid facility rentals	55,939
Deferred contributions - start-up/deficiency expenses	154,670
	<u>210,609</u>

6. Budget

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

7. 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 RSMean Construction Index, to be held in a trust account in the name of the parties. The reserve fund is held in trust by the Regional Municipality of Niagara and is allocated interest at the average annual portfolio rate of the Region's investment portfolio based on the reserve funds monthly balance. 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	2022 Total
	\$	\$	\$	\$	\$
Capital reserve, beginning of year	—	—	—	—	—
Contributions	369,000	369,000	369,000	369,000	1,476,000
	<u>369,000</u>	<u>369,000</u>	<u>369,000</u>	<u>369,000</u>	<u>1,476,000</u>

Initial contributions were made late in 2022, therefore no interest has been allocated as at December 31, 2022. Each of the four Consortium partners contributed \$369,000 to the 2022 \$1,476,000 capital reserve.

8. Accumulated surplus

Accumulated surplus consists of the following:

	2022
	<u>\$</u>
Investment in tangible capital assets	101,769,472
Operating fund	(41,626)
Accumulated surplus, end of year	<u>101,727,846</u>

9. Economic dependence

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

Canada Games Park
Schedule 1 - Tangible Capital Assets
As at December 31, 2022

	Cost			Accumulated Amortization			Net book value end of year		
	Balance, beginning of year	Additions / Transfers	Disposals	Balance, end of year	Balance, beginning of year	Amortization expense		Disposals	Balance, end of year
	\$	\$	\$	\$	\$	\$	\$	\$	
Land Improvements	—	19,332,457	—	19,332,457	—	382,535	—	382,535	18,949,921
Building and Building Improvements	—	75,763,911	—	75,763,911	—	1,196,668	—	1,196,668	74,567,243
Machinery & Equipment	—	2,143,800	—	2,143,800	—	117,475	—	117,475	2,026,325
Water and Wastewater Infrastructure	—	2,620,643	—	2,620,643	—	19,728	—	19,728	2,600,915
Roads Infrastructure	—	1,894,677	—	1,894,677	—	33,949	—	33,949	1,860,728
Furniture and Fixtures	—	731,140	—	731,140	—	32,752	—	32,752	698,388
Information Technology	—	1,170,847	—	1,170,847	—	104,895	—	104,895	1,065,951
Total December 2022	—	103,657,474	—	103,657,474	—	1,888,002	—	1,888,002	101,769,472