

Consolidated Financial Statements of

**REGIONAL RECREATION CORPORATION  
OF WOOD BUFFALO**

Year ended December 31, 2021

**Consolidated Financial Statements of**

**Regional Recreation Corporation of Wood Buffalo**

**Year ended December 31, 2021**

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS


The accompanying consolidated financial statements of the Regional Recreation Corporation of Wood Buffalo (the "Corporation") are the responsibility of the Corporation's management and have been prepared in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies followed by the Corporation are described in Note 2 to the consolidated financial statements. The preparation of the consolidated 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.

The Corporation's 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 the preparation of the consolidated financial statements. These systems are monitored and evaluated by management.


The Board of Directors met with management and the external auditors to discuss the consolidated financial statements and any significant financial reporting or internal control matters prior to the Board of Directors approval of the consolidated financial statements.

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

For: Regional Recreation Corporation of Wood Buffalo

  
[Graig Walsh \(Mar 3, 2022 15:12 MST\)](#)

Graig Walsh  
Chief Executive Officer

  
[Sudip Roy \(Mar 3, 2022 15:17 MST\)](#)

Sudip Roy, CMA, PMP, CPIM  
Director, Corporate Services

March 2, 2022

# Independent Auditor's Report

To the Board of Directors of  
the Regional Recreation Corporation of Wood Buffalo

## Opinion

We have audited the consolidated financial statements of the Regional Recreation Corporation of Wood Buffalo (the "Corporation"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated 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 Corporation as at December 31, 2021, and the results of its operations, its changes in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

## 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 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 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 PSAS, 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional 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 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.

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.

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants  
March 2, 2022

**REGIONAL RECREATION CORPORATION OF WOOD BUFFALO**  
**Consolidated Statement of Financial Position**

December 31, 2021

	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 8,857,171	\$ 7,226,124
Accounts receivable	592,833	296,021
Prepaid expenses and deposits	185,486	168,743
Inventories (Note 4)	178,849	173,973
	<b>9,814,339</b>	<b>7,864,861</b>
Capital assets (Note 6)	<b>16,455,892</b>	<b>17,359,079</b>
	<b>26,270,231</b>	<b>25,223,940</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	<b>1,725,204</b>	<b>1,774,369</b>
Accrued payroll liabilities	<b>735,655</b>	<b>949,123</b>
Deposits and funds held in trust (Note 11)	<b>347,406</b>	<b>269,655</b>
Due to the Regional Municipality of Wood Buffalo (Note 5)	<b>2,906,676</b>	<b>243,927</b>
Current portion of deferred revenue (Note 7)	<b>1,709,300</b>	<b>1,519,560</b>
	<b>7,424,241</b>	<b>4,756,634</b>
Deferred revenue (Note 7)	<b>888,097</b>	<b>1,103,336</b>
Deferred capital contributions (Note 8)	<b>960,660</b>	<b>1,043,559</b>
Unamortized deferred capital contributions (Note 9)	<b>14,945,130</b>	<b>16,268,308</b>
	<b>24,218,128</b>	<b>23,171,837</b>
<b>Net assets</b>		
Unrestricted surplus	<b>457,210</b>	<b>877,200</b>
Invested in capital assets	<b>1,510,655</b>	<b>1,090,665</b>
Internally restricted - WB Kids (Note 11)	<b>84,238</b>	<b>84,238</b>
	<b>2,052,103</b>	<b>2,052,103</b>
	<b>\$ 26,270,231</b>	<b>\$ 25,223,940</b>

Credit facility (Note 12)

See accompanying notes to consolidated financial statements

**Approved on behalf of the Board:**



Director



Director

**REGIONAL RECREATION CORPORATION OF WOOD BUFFALO**  
**Consolidated Statement of Operations**

For the Year Ended December 31, 2021

	2021	2020
<b>Revenues:</b>		
Contributions from the Regional Municipality of Wood Buffalo (Note 13)	\$ 16,623,895	\$ 19,052,777
Amortization of deferred capital contributions (Note 9)	2,971,964	4,001,759
Facility and equipment rental (Note 13)	2,165,186	1,925,890
Memberships	2,057,074	1,821,508
User fees and admissions	1,820,167	899,665
Other revenue (Note 13, 15)	1,510,117	2,000,817
Hospitality (food and beverage) (Note 13)	1,287,236	1,069,639
Sponsorships and donations	922,732	892,570
Programs	756,146	742,979
Pro-shop merchandise sales	522,215	326,268
Events	90,978	47,762
	<b>30,727,710</b>	<b>32,781,634</b>
<b>Cost of goods sold:</b>		
Events and hospitality (Note 10)	899,188	678,203
Pro-shop merchandise sales	402,910	265,553
Sponsorship fulfillment	118,248	101,493
	<b>1,420,346</b>	<b>1,045,249</b>
<b>Excess of revenues over cost of goods sold</b>	<b>29,307,364</b>	<b>31,736,385</b>
<b>Expenses:</b>		
Wages and benefits	16,710,053	18,113,362
Amortization of capital assets	3,212,416	3,586,029
Utilities (Note 13)	2,696,715	2,428,311
Supplies	1,511,546	1,078,081
Subcontractors	1,038,271	611,637
Lifecycle	890,559	2,293,443
Other expenses (Note 15)	670,359	1,715,177
Insurance (Note 13)	601,039	520,461
Communication and Information Technology	506,947	422,820
Repairs and maintenance	467,356	488,555
Professional fees	284,996	153,611
Advertising and Promotion	194,301	245,477
Equipment and miscellaneous rentals	181,571	151,334
Bank charges and penalties	99,603	94,653
Office and general	70,462	65,767
Travel and meals (Note 13)	64,162	95,615
Licenses, fees and permits (Note 13)	57,843	50,272
Training	52,713	95,920
Bad debts	46	9,602
Gain on disposal of capital assets	(3,594)	(483,742)
	<b>29,307,364</b>	<b>31,736,385</b>
<b>Deficiency of revenues over expenses</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to consolidated financial statements

**REGIONAL RECREATION CORPORATION OF WOOD BUFFALO**  
**Consolidated Statement of Changes in Net Assets**

For the Year Ended December 31, 2021

	Unrestricted Surplus	Invested in Capital Assets	Internally restricted - WB Kids Fund	2021
Balance, Beginning of Year	\$ 877,200	\$ 1,090,665	\$ 84,238	\$ 2,052,103
Invested in Capital Assets - net (Note 15)	(419,990)	419,990	-	-
Balance, End of Year	\$ 457,210	\$ 1,510,655	\$ 84,238	\$ 2,052,103

	Unrestricted Surplus	Invested in Capital Assets	Internally restricted - WB Kids Fund	2020
Balance, Beginning of Year	\$ 1,760,599	\$ 199,866	\$ 91,638	\$ 2,052,103
Internally Imposed Restriction (Note 11)	7,400	-	(7,400)	-
Invested in Capital Assets - net	(890,799)	890,799	-	-
Balance, End of Year	\$ 877,200	\$ 1,090,665	\$ 84,238	\$ 2,052,103

See accompanying notes to consolidated financial statements



**REGIONAL RECREATION CORPORATION OF WOOD BUFFALO**  
**Consolidated Statement of Cash Flow**

For the Year Ended December 31, 2021

	2021	2020
<b>Cash provided by (used in):</b>		
<b>Operating:</b>		
Deficiency of revenues over expenses	\$ -	\$ -
Non-cash items included in annual deficit		
Amortization of deferred capital contributions	(2,971,964)	(4,001,759)
Amortization of capital assets	3,212,416	3,586,029
Gain on disposal of capital assets	(3,594)	(483,742)
Gain on contribution of capital assets	(28,000)	-
Changes in non-cash operating working capital items:		
Accounts receivable	(296,812)	454,575
Inventories	(4,876)	97,518
Prepaid expenses and deposits	(16,743)	(60,642)
Due to the Regional Municipality of Wood Buffalo	2,662,749	429,271
Accounts payable and accrued liabilities	(289,646)	670,116
Accrued payroll liabilities	(213,468)	(156,474)
Deposits and funds held in trust	77,751	236,781
Deferred revenue	(25,499)	(459,604)
Cash provided by operating transactions	2,102,314	312,069
<b>Capital:</b>		
Purchase of capital assets	(2,044,249)	(2,622,933)
Proceeds from disposal of capital assets	7,095	827,413
Cash applied to capital transactions	(2,037,154)	(1,795,521)
<b>Financing:</b>		
Contributions received for the purchase of capital assets	1,565,887	1,669,002
Cash provided by financing transactions	1,565,887	1,669,002
<b>Change in cash and cash equivalents during the year</b>	<b>1,631,047</b>	<b>185,551</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>7,226,124</b>	<b>7,040,573</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 8,857,171</b>	<b>\$ 7,226,124</b>

See accompanying notes to consolidated financial statements

# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

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### 1. Nature of the organization

The Regional Recreation Corporation of Wood Buffalo (the "Corporation") is a not-for-profit corporation that was incorporated on June 10, 2013, under the Canada Not-for-profit Corporations Act and is not subject to any federal or provincial income taxes.

The Corporation was established by the Regional Municipality of Wood Buffalo to operate MacDonald Island Park, Anzac Recreation Centre (indoor operations only), Fort Chipewyan Aquatics Centre (aquatics programming only), Conklin Multiplex (indoor operations only), and any additional recreational and cultural facilities as the Municipality may from time to time request.

The Regional Municipality of Wood Buffalo provides operating and capital contributions to the Corporation on an annual basis to support the Corporation's activities. The Regional Municipality of Wood Buffalo and the Corporation have a 15 year operating agreement that commenced July 1, 2018.

The COVID-19 pandemic developed rapidly in 2020 and continued into 2021, with a significant number of cases. Measures taken by the Provincial and Federal government to contain the virus have affected economic activity and the Corporation's operations in various material ways:

- Restrictions, and resultant temporary closures and reopening's of our various facilities and amenities during the fiscal period.
- Increased health and safety measures to mitigate risk of exposure and spread of the virus.
- During the year the Corporation assessed no impairment of sustaining capital assets as it relates to COVID-19.

The Corporation has one member – the Regional Municipality of Wood Buffalo (the "Municipality").

# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

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### 2. Significant accounting policies

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

#### *Basis of presentation*

The financial statements have been prepared by management in accordance with the PS 4200 series of the Canadian public sector accounting standards ("PSAS"). The precise determination of many assets and liabilities is dependent upon future events. Accordingly, the preparation of financial statements for a reporting period necessarily involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. 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.

The financial statements include the accounts of the Corporation and its controlled not-for-profit organization, MacDonald Island Park Corporation ("MIPC"). MIPC is a Part IX corporation that was incorporated on February 5, 2004, under the Companies Act (Alberta) and is not subject to federal or provincial income taxes. On October 28, 2013, the Corporation was appointed the sole member of MIPC. MIPC is currently inactive.

#### *Controlled not-for-profit organizations*

The Corporation consolidates controlled not-for-profit organizations.

#### *Financial instruments*

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, amounts due to the Municipality, accounts payable and accrued liabilities, accrued payroll liabilities and deposits and funds held in trust. All of these instruments are initially recorded at fair value and subsequently measured at cost or amortized cost.

With respect to financial assets measured at cost or amortized cost, the Corporation recognizes in the consolidated statement of operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

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### 2. Significant accounting policies (continued)

#### *Revenue recognition*

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted capital contributions are recorded as deferred contributions until the amount is invested to acquire capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the year in which the related amortization expense of the funded capital asset is recorded.

Contributions of materials and services that would otherwise have been purchased are recorded at their fair value. The fair value of services provided by the Municipality has been reflected in the financial statements of the Corporation, unless otherwise noted. Volunteers assist the Corporation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Revenues from memberships, user fees, admissions, and sales of goods and services are recognized when services are performed or the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Proceeds from the sale of lifetime golf memberships are deferred and recognized as revenue over a period of ten years. Revenues from sponsorships are recognized over the terms of the sponsorship agreements. Rental revenue is recognized in the month earned, in accordance with the tenants' rental agreements.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on deposit and short-term investments with original maturities of three months or less.

#### *Inventories*

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

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### 2. Significant accounting policies (continued)

#### *Capital assets*

Capital assets are recorded at cost. Assets are amortized on a straight-line basis over the estimated useful life as follows:

Automobile	5-10 years
Computer hardware and software	1-5 years
Equipment	2-15 years
Furniture and fixtures	3-10 years
Golf course improvements	20-30 years
Building and building improvements	5-50 years

Capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

#### *Contributed services*

Contributed services are recorded at fair value when such value can be reasonably estimated and the services are used in the normal course of operations and would otherwise have been purchased.

#### *Use of estimates*

The preparation of financial statements in conformity with PSAS 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 amounts of revenues and expenses during the reporting period. Significant estimates include the carrying value and useful lives of capital assets, unamortized deferred capital contributions, amortization period of certain deferred revenues, and valuation allowances for receivables and inventories. Actual results could differ from those estimates.

# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

### 3. Cash and cash equivalents

Included in cash and cash equivalents is an amount of \$1,149,949 (2020 - \$1,231,179) which has been externally restricted by the Municipality and required to be placed into a separate interest bearing account used solely for the agreed upon capital projects. This amount is the unspent amount related to capital contributions from the Municipality plus interest.

### 4. Inventories

	2021	2020
Golf - Pro Shop	\$ 115,034	\$ 96,707
Hospitality	42,205	47,952
Staff Uniform	18,357	25,387
Supplies	3,253	3,927
	<b>\$ 178,849</b>	<b>\$ 173,973</b>

### 5. Due to related parties

The amount due to the Municipality relates to insurance and DRP proceeds receivable, normal trade accounts receivable, normal trade accounts payable, and certain transactions that are processed by the Municipality on behalf of the Corporation. The amount due to the Municipality is unsecured, non-interest bearing and without scheduled repayment terms.

### 6. Capital assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 16,611,617	\$ 13,261,027	\$ 3,350,590	\$ 3,883,132
Building and building improvements	12,391,492	5,847,114	6,544,378	6,607,698
Golf course improvements	7,157,411	2,529,399	4,628,012	4,871,582
Furniture and fixtures	4,412,071	3,311,416	1,100,655	1,300,873
Computer software	1,378,082	1,377,340	742	6,132
Computer hardware	1,933,367	1,533,069	400,298	590,069
Automotive	658,771	227,554	431,217	99,593
	<b>\$ 44,542,811</b>	<b>\$ 28,086,919</b>	<b>\$ 16,455,892</b>	<b>\$ 17,359,079</b>

The Corporation is responsible for the operations and maintenance of the MacDonald Island Park, Anzac Recreation Centre (indoor only), Conklin Multiplex (indoor only), and aquatics programming at the Fort Chipewyan Aquatics Centre. These facilities are owned by the Municipality and these capital assets are not included in these financial statements. In addition, the Corporation is responsible for capital improvements to the golf course.

# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

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### 6. Capital assets (continued)

Included in capital additions are \$240,481 (2020 - \$172,769) that are included in accounts payable and accrued liabilities at year-end and \$28,000 (2020 - \$nil) in additions and proceeds, related to asset exchanges that were non-cash in nature during the year. As such, they are treated as non-cash transactions on the consolidated statement of cash flow.

### 7. Deferred revenue

Deferred revenue balance consists of the following:

	<u>2021</u>	<u>2020</u>
Sponsorship agreements	\$ 1,535,672	\$ 1,706,904
Fitness memberships and programs	659,546	434,598
Facility rentals	195,963	208,704
Gift certificates	95,142	120,996
Annual golf memberships	84,971	120,583
Box office	17,000	17,000
Lifetime golf memberships	9,103	14,111
	<u>2,597,397</u>	<u>2,622,896</u>
Less current portion	<u>1,709,300</u>	<u>1,519,560</u>
	<u>\$ 888,097</u>	<u>\$ 1,103,336</u>

Included in the non-current liability portion of deferred revenue is \$871,737 (2020 - \$1,083,220) relating to sponsorship agreements, \$9,886 (2020 - \$11,013) relating to sport and recreation memberships, and \$6,474 (2020 - \$9,103) relating to lifetime golf memberships.

# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

### 8. Deferred capital contributions

Deferred capital contributions represent unspent funds contributed to the Corporation by the Municipality and other externally restricted capital funds that are to be used for future upgrades and improvements as follows:

	January 1, 2021	Amounts Received	Transfers (Note 9)	December 31, 2021
Capital facility upgrades	\$ 939,514	\$ 1,555,000	\$ (1,648,786)	\$ 845,728
Interest on grant received for capital projects	104,045	10,887	-	114,932
	<u>\$ 1,043,559</u>	<u>\$ 1,565,887</u>	<u>\$ (1,648,786)</u>	<u>\$ 960,660</u>
	January 1, 2020	Amounts Received	Transfers (Note 9)	December 31, 2020
Capital facility upgrades	\$ 995,691	\$ 1,655,280	\$ (1,711,457)	\$ 939,514
Interest on grant received for capital projects	90,323	13,722	-	104,045
	<u>\$ 1,086,014</u>	<u>\$ 1,669,002</u>	<u>\$ (1,711,457)</u>	<u>\$ 1,043,559</u>

### 9. Unamortized deferred capital contributions

	2021	2020
Balance, beginning of year	\$ 16,268,308	\$ 18,558,610
Transfers from deferred capital contributions (Note 8)	1,648,786	1,711,457
Amounts recognized as revenue	(2,971,964)	(4,001,759)
Balance, end of year	<u>\$ 14,945,130</u>	<u>\$ 16,268,308</u>

### 10. Events and hospitality cost of goods sold

	2021	2020
Hospitality	\$ 516,946	\$ 331,466
Events	218,452	194,281
Tournament	120,838	43,709
Sundry	42,952	108,747
	<u>\$ 899,188</u>	<u>\$ 678,203</u>



# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

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### **11. Externally and internally restricted – WB Kids Fund**

In 2010, the Corporation established the WB Kids Fund (the “Fund”) where up to 5% of funds raised through facility sponsorships will be set aside in the Fund to provide subsidized access fees to community members that will allow participation in RRC activities and other activities within the community of Wood Buffalo. The Fund will focus on ensuring that those who wish to participate in sport, recreation, leisure, culture and corporate events will be able to do so without financial barriers. The Fund is accessible through an approved application process. Where the 5% contribution is included in sponsorship agreement terms, the amounts are considered to be externally restricted. Deposits and Funds Held in Trust on the Statement of Financial Position totals \$250,763 (2020 - \$215,726).

### **12. Credit facilities**

On September 23, 2019, the Corporation amended a banking agreement that includes a revolving demand credit facility available in the amount of \$1,000,000 (2020 - \$1,000,000) which bears interest at prime less 0.5% per annum. At December 31, 2021, this facility had not been drawn upon. In addition, the Corporation has access to a \$300,000 (2020 - \$300,000) Visa business facility which is drawn upon from time to time. Accounts receivable have been pledged as security on these facilities.

# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

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### 13. Related party transactions

The following transactions with the Municipality and the Library Board are included within the financial statements of the Corporation:

	<u>2021</u>	<u>2020</u>
Regional Municipality of Wood Buffalo - Revenues		
Operating contributions	\$ 16,623,895	\$ 19,052,777
Other revenue	1,059,043	2,698,414
Facility rental	181,993	11,533
Hospitality (food and beverage)	2,252	10,712
Regional Municipality of Wood Buffalo - Expenses		
Insurance	495,909	426,865
Utilities	239,599	163,959
Travel and Meals	30,800	33,600
License, fees and permits	8,157	8,809
Supplies	-	8,156
Regional Municipality of Wood Buffalo Library Board		
Service agreement revenue	636,023	609,536
Facility and equipment rental	2,000	200
Marketing & Promotions	1,250	-
Hospitality (food and beverage)	100	7,133

These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, capital contributions in the amount of \$1,555,000 (2020 - \$1,655,280) were received from the Municipality for capital upgrades. During the year, \$985,504 (2020 - \$1,033,576) was spent from current year funding and \$663,282 (2020 - \$677,881) was spent from prior years.

### 14. Non-monetary transactions

The Corporation entered into contracts with several local organizations to provide construction services, advertising, program materials and event services in exchange for advertising, programming and sponsorship recognition in the facility. In 2021, non-monetary transactions in the consolidated statement of operations include \$10,665 (2020 - \$29,287) of cost of sales, \$72,101 (2020 - \$17,500) expenses and \$82,766 (2020 - \$46,787) of revenue. The consolidated statement of financial position also includes \$28,000 (2020 - \$nil) in capital assets.

# REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

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### **15. Other revenues and expenses**

The Corporation experienced damages related to an Air Handling Unit Fire in January of 2020, and overland flooding in May of 2020. Included in Other revenue is \$1,059,043 (2020 - \$1,433,183) of Insurance proceeds and Disaster Relief Funding for flood damage and \$nil (2020 - \$171,713) of Insurance for the Air Handling Unit Fire. In conjunction with these proceeds, Other expenses consist of \$670,359 (2020 - \$1,533,464) of flood remediation expenses and \$nil (2020 - \$181,713) of expenses related to the Air Handling Unit Fire. Capital assets were purchased from overland flooding related Insurance proceeds in 2021 for a total of \$108,713 (2020 - \$1,092,812).

### **16. Economic dependence**

The Corporation's primary source of funding for operations is the Regional Municipality of Wood Buffalo. The Corporation's ability to continue viable operations is dependent on this funding.