

2022

WEST SHORE PARKS AND RECREATION SOCIETY
Financial Statements
For the fiscal year ending December 31, 2022

WEST SHORE PARKS AND RECREATION SOCIETY

BOARD OF DIRECTORS

City of Langford Representatives:

Kimberley Guiry

City of Colwood Representatives:

Dean Jantzen

District of Metchosin Representatives:

Shelly Donaldson

View Royal Representatives:

Damian Kowalewich

District of Highlands Representative:

Leslie Anderson

STAFF MEMBERS

Administrator

Manager of Recreation

Manager of Finance and Administration

Manager of Operations

Manager of Human Resources

Grant Brown

Geoff Welham

Wei Wu

Ron Dietrich

April Luchinski

AUDITOR

KPMG LLP

BANKERS

Scotiabank

WEST SHORE PARKS AND RECREATION SOCIETY

Financial Statements

For the fiscal year ended December 31, 2022

Financial Statements

Management's Responsibility for the Financial Statements	1
Independent Auditor's Report	2-4
Statement of Financial Position	5
Statement of Operations	6
Statement of Change in Net Financial Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of West Shore Parks and Recreation Society (the "Society") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are 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.

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

The Finance Committee meets with management and the external auditor to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements by the Board of Directors.

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



Grant Brown
Chief Administrative Officer



Wei Wu
Manager of Finance and Administration



WEST SHORE PARKS AND RECREATION

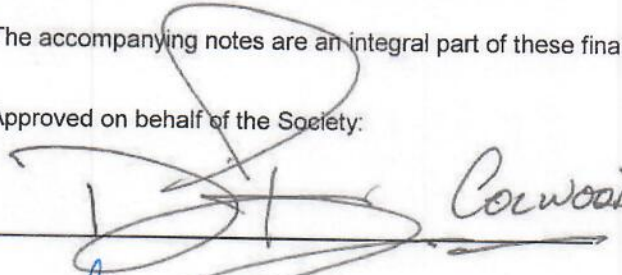
Statement of Financial Position


December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash and cash equivalents (note 2)	\$4,795,867	\$2,012,077
Accounts receivable	575,204	2,083,533
Inventory held for resale	54,659	32,823
	<u>5,425,730</u>	<u>4,128,433</u>
Financial liabilities:		
Accounts payable and accrued liabilities	857,485	653,150
Deferred revenue (note 3)	2,264,564	1,722,519
Employee benefit obligations (note 4)	295,350	379,516
	<u>3,417,399</u>	<u>2,755,185</u>
Net financial assets	<u>2,008,331</u>	<u>1,373,248</u>
Non-financial assets:		
Tangible capital assets (note 5)	1,034,153	1,056,306
Prepaid expenses	119,020	56,451
	<u>1,153,173</u>	<u>1,112,757</u>
Commitments and contingencies (note 11)		
Accumulated surplus (note 6)	\$3,161,504	\$2,486,005

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

Approved on behalf of the Society:


_____, Director


_____, Director

WEST SHORE PARKS AND RECREATION

Statement of Operations

December 31, 2022, with comparative information for 2021

	Budget (note 12)	2022	2021
Revenue:			
Government transfers (note 7)	\$7,114,193	\$6,193,029	\$11,115,165
Sales of services	5,671,672	6,073,102	4,748,237
Sale of goods	326,647	400,811	168,803
Contributed advertising	-	286,798	267,424
Other income	79,172	241,947	130,081
Total revenue	13,191,684	13,195,687	16,429,709
Expenditures:			
Administration	461,524	367,421	348,773
Amortization of tangible capital assets	-	260,107	231,317
Community Recreation Admin	163,407	139,260	128,756
Finance	844,976	886,908	837,490
Human Resources	183,720	194,640	180,245
Reception	642,930	609,296	591,100
Food & Beverage	83,871	12,815	29,045
Food & Beverage - "Q" Centre	191,921	189,237	57,679
Infrastructure Maintenance	85,000	74,705	212,786
Maintenance - Arena	699,036	684,801	540,661
Maintenance - "Q" Centre	839,983	816,614	645,337
Maintenance - Centennial Centre	92,828	80,442	75,215
Maintenance - Indoor Sports Complex	87,099	92,821	62,395
Maintenance - Fleet Vehicles	65,500	65,220	52,199
Maintenance - General	732,985	733,540	673,158
Maintenance - Golf	189,029	182,553	187,618
Maintenance - Library Building	85,399	77,890	66,294
Maintenance - Parks	852,028	804,518	759,917
Maintenance - Pool	613,189	631,136	522,534
Maintenance - Senior's Building	256,094	240,840	199,732
Marketing	28,250	318,048	281,049
Programs - Administration	246,714	262,290	262,006
Programs - Arena	256,714	376,459	282,269
Programs - "Q" Centre	452,804	421,594	384,608
Programs - Arts & Culture	188,208	249,054	192,272
Programs - Community Development	157,290	123,715	102,887
Programs - Fitness/Wellness/Weights	343,159	310,485	267,323
Programs - Indoor Sports Complex	5,000	-	-
Programs - Golf	127,494	138,442	123,215
Programs - Licensed	1,057,659	1,121,657	763,945
Programs - Preschool to Youth	365,243	391,344	276,482
Programs - Sports	110,645	173,728	137,120
Programs - Pool	821,948	863,428	572,116
TCA Member Assets (Note 9)	1,860,900	625,180	5,495,150
Total Expenses	13,192,547	12,520,188	15,542,693
Annual surplus (deficit)	(863)	675,499	887,016
Accumulated surplus, beginning of year	2,486,005	2,486,005	1,598,989
Accumulated surplus, end of year	\$2,485,142	\$3,161,504	\$2,486,005

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

WEST SHORE PARKS AND RECREATION SOCIETY

Statement of Change in Net Financial Assets

December 31, 2022, with comparative information for 2021

	Budget (note 12)	2022	2021
Annual surplus (deficit)	(\$863)	\$675,499	\$887,016
Acquisition of tangible capital assets	(343,500)	(237,954)	(300,405)
Amortization of tangible capital assets	-	260,107	231,317
	(343,500)	22,153	(69,088)
Acquisition of prepaid expenses	-	(342,673)	(296,584)
Use of prepaid expenses	-	280,104	295,613
	-	(62,569)	(971)
Change in net financial assets	(344,363)	635,083	816,957
Net financial assets, beginning of year	1,373,248	1,373,248	556,291
Net financial assets, end of year	\$1,028,885	\$2,008,331	\$1,373,248

The accompanying notes are an integral part of these financial statements

WEST SHORE PARKS AND RECREATION SOCIETY

Statement of Cash Flows

December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities:		
Annual surplus (deficit)	\$675,499	\$887,016
Items not involving cash:		
Amortization of tangible capital assets	260,107	231,317
Changes in non-cash operating assets and liabilities:		
Employee benefits and other liabilities	(84,166)	50,980
Accounts receivable	1,508,329	(1,577,192)
Inventory held for resale	(21,836)	(1,891)
Accounts payable and accrued liabilities	204,335	35,097
Deferred revenue	542,045	(1,542,388)
Prepaid expenses	(62,569)	(971)
	<u>3,021,744</u>	<u>(1,918,032)</u>
Capital activities:		
Acquisition of tangible capital assets	(237,954)	(300,405)
	<u>(237,954)</u>	<u>(300,405)</u>
Increase (decrease) in cash and cash equivalents	2,783,790	(2,218,437)
Cash and cash equivalents, beginning of year	2,012,077	4,230,514
Cash and cash equivalents, end of year	<u>4,795,867</u>	<u>2,012,077</u>
Supplemental cash flow information:		
Cash received from interest	73,510	17,160

The accompanying notes are an integral part of these financial statements

WEST SHORE PARKS AND RECREATION SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

The West Shore Parks and Recreation Society (the "Society") is incorporated under the Societies Act (British Columbia), which the Society transitioned to on July 24, 2018. The purpose of the Society is to provide parks, recreation and community services. Its members include the City of Colwood, District of Highlands, City of Langford, District of Metchosin and Town of View Royal.

Under the terms of an Operating, Maintenance and Management Agreement with the Members, the Society is responsible for the equipping, maintenance, management and operation of the facilities comprising the Juan de Fuca Recreation Centre and Centennial Park Recreation Centre. The current agreement has a term of March 1, 2020 to February 28, 2025.

The 2022 budget was based on facility and program usage as seen in fall 2021, which was steadily increasing as we moved out of COVID related restrictions. In 2022, the Society's sale of services outperformed the budget for all programs. COVID-19 pandemic restrictions were lifted in early spring. The Society's activities recovered slowly and were fully back to pre-COVID levels by the summer.

1. Significant accounting policies:

The financial statements of the Society are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants (CPA) of Canada. Significant accounting policies adopted by the Society are as follows:

(a) Basis of accounting:

The Society 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 without stipulations are recognized in the financial statements as revenues in the period in which 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.

Government transfers with stipulations restricting their use that give rise to an obligation that meets the definition of a liability are recognized as revenue in the period, eligible expenses are incurred, provided they are authorized and eligibility criteria are met.

(c) Deferred revenue:

Receipts that are restricted by legislation or by agreement with external parties are deferred and reported as deferred revenue. When qualifying expenses are incurred, deferred revenues are brought into revenue at equal amounts.

(d) Investment income:

Investment income is reported as revenue in the period earned. When required by legislation or agreement with external parties, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

WEST SHORE PARKS AND RECREATION SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

(e) Contributed services:

Non-monetary transactions are measured at the more reliably measurable of the fair value of the asset given up and the fair value of the asset received unless the transaction lacks commercial substance or the transaction is an exchange of a product held for sale in the ordinary course of business, in which case the transaction is measured at the carrying amount of the asset given up.

(f) Cash equivalents:

Cash equivalents include short-term, highly liquid investments and investments with no set term.

(g) Employee future benefits:

The Society and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and other benefits are also available to the Society's employees. The cost of these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(h) 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, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Machinery and equipment	4 to 15

Amortization is charged annually, including in the years of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

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

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization

The Society does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

WEST SHORE PARKS AND RECREATION SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

(v) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(i) Liability for contaminated sites:

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

- 1) an environmental standard exists
- 2) contamination exceeds the environmental standard
- 3) the Society is directly responsible or accepts responsibility for the liability
- 4) future economic benefits will be given up, and
- 5) a reasonable estimate of the liability can be made

(j) Use of estimates:

The preparation of 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 period. Estimates include assumptions used in estimating provisions for accrued liabilities, performing actuarial valuations of employee future benefits and estimating the useful lives of tangible capital assets. Actual results could differ from these estimates.

(k) Comparative figures have been reclassified to conform with the financial statement presentation for the current year.

2. **Cash and cash equivalents:**

Cash and cash equivalents includes a business investment account with a balance of \$1,043,775 (2021 - \$1,032,397) bearing interest at a rate of 3.2% (2021 - 0.1%) per annum.

3. **Deferred revenue:**

Deferred revenue reported on the statement of financial position is made up of the following:

	2022	2021
Sale of services	\$ 572,660	\$ 763,910
West Shore Rugby	351,772	370,757
Library Capital	401,123	312,455
Grant	757,925	98,232
Seniors	181,084	177,165
Total deferred revenue	\$ 2,264,564	\$ 1,722,519

Continuity of deferred revenue, seniors is as follows:

	2022	2021
Balance, beginning of year	\$ 177,165	\$ 176,076
Contributions	1,375	-
Interest earned	3,434	1,089
Revenue recognized	(890)	-
	\$ 181,084	\$ 177,165

WEST SHORE PARKS AND RECREATION SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

4. Employee benefit obligations:

The Society provides sick leave and certain other benefits to its employees. These amounts and other employee related liabilities are set out below:

	2022	2021
Accrued sick leave	\$ 253,617	\$ 289,027
Accrued vacation	29,782	71,800
Accrued overtime	11,951	18,689
	\$ 295,350	\$ 379,516

Accrued sick leave represents the liability for sick leave banks accumulated for estimated draw down at future dates. Sick leave entitlements can only be used while employed by the Society and are not paid out upon retirement or termination of employment. Accrued vacation is the amount of unused vacation entitlement carried forward into the next year.

The significant actuarial assumptions adopted in measuring the Society's accrued benefit obligation are as follows:

	2022	2021
Discount rate	4.77%	3.30%
Expected wage and salary increase	2.00%	2.00%
Expected inflation rate	2.00%	2.25%

5. Tangible capital assets:

Machinery and equipment	December 31,				December 31,
	2021	Additions	Amortization	Disposals	2022
Cost	\$ 5,789,036	\$ 237,954	-	(58,050)	\$ 5,968,940
Accumulated Amortization	(4,732,730)	-	(260,107)	58,050	(4,934,787)
Net book value	\$ 1,056,306	237,954	(260,107)	-	\$ 1,034,153

Machinery and equipment	December 31,				December 31,
	2020	Additions	Amortization	Disposals	2021
Cost	\$ 5,488,631	\$ 300,405	-	-	\$ 5,789,036
Accumulated Amortization	(4,501,413)	-	(231,317)	-	(4,732,730)
Net book value	\$ 987,218	300,405	(231,317)	-	\$ 1,056,306

Included in equipment is the Indoor Sports Complex Turf and Curtain, Computers, Basketball Nets and Soccer Goal Posts.

WEST SHORE PARKS AND RECREATION SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

6. Accumulated surplus:

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

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 1,034,153	\$ 1,056,306
Unfunded members' tangible capital assets	(379,707)	(434,351)
Total surplus	654,446	621,955
Reserves set aside for specific purposes by the Board:		
Future expenditures (carryforward restart fund)	-	209,513
Equipment replacement	384,170	227,933
Major repair and maintenance	2,122,888	1,426,604
Total reserves	2,507,058	1,864,050
	\$ 3,161,504	\$ 2,486,005

In 2007 the Members' agreement was amended to add "Payments to be made to a capital reserve and equipment reserve fund established by the Society". The reserve is funded by surpluses realized by the Society on an annual basis and is maintained by the Society, with direction from the Board.

In October 2018, the Board agreed that the unfunded members' tangible capital assets repayments would be changed to a 20 year debt repayment plan with interest. This was applied retroactively to when expenditures on the weightroom were first incurred in 2009. This change was implemented in the 2018 financial statements.

7. Government transfers:

The following government transfers have been included in revenue:

	2022	2021
Requisitions:		
City of Colwood	\$ 1,191,599	\$ 1,119,719
District of Highlands	193,573	176,993
City of Langford	2,985,575	2,827,244
District of Metchosin	415,127	380,627
Town of View Royal	753,507	764,055
	5,539,381	5,268,638
Grant Revenue:		
Capital Regional District Library	77,890	137,386
Government Grants	575,758	5,709,141
	653,648	5,846,527
Total Revenue	\$ 6,193,029	\$ 11,115,165

WEST SHORE PARKS AND RECREATION SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

8. Classification of expenses by object:

	Budget	2022	2021
Salaries, wages and employee benefits	\$ 7,949,742	\$ 7,671,798	\$ 6,335,599
Supplies	592,164	617,054	382,402
Contracted services	575,889	761,640	640,672
Utilities	752,032	753,857	642,116
Property and liability insurance	328,441	357,051	291,562
Debt subsidy	194,000	194,000	194,000
Building & Equipment repair and maintenance	365,564	421,845	511,072
Other	573,815	857,656	818,803
Amortization	-	260,107	231,317
TCA Members' Assets	1,860,900	625,180	5,495,150
	\$ 13,192,547	12,520,188	15,542,693

9. Transfer to members:

The members of the Society own the land, buildings and engineering structures that are operated by the Society. Under the operating, Maintenance and Management Agreement, the Society administers funds for the purchase of tangible capital assets on behalf of members. As the tangible capital assets purchased are not owned by the Society, they have been excluded from these financial statements. In 2022 - \$625,180 (2021 - \$ 5,495,150) of funds from members were used to acquire members' tangible capital assets and are recorded as an expense in the Statement of Operations.

10. Municipal pension plan:

The Society and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Society paid \$360,632 (2021 - \$342,821) for employer contributions while employees contributed \$333,516 (2021 - \$303,356) to the plan in fiscal 2022.

The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

WEST SHORE PARKS AND RECREATION SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

11. Commitments and contingencies:

- (a) The Society is committed to minimum annual payments for the use and operation of a private access road with payments as follows:

2023	1,300
	\$ 1,300

- (b) The Society is committed to minimum annual debt payments relating to the construction of the Q Centre with payments as follows:

2023	\$ 194,000
	\$ 194,000

- (c) The Society has the commitment to operate the following facilities:

i. The Society received grants under the Child Care Capital Funding Program. The Society must continue child care operations for a minimum of fifteen years from the date of the childcare facility commencing in July 2021.

ii. The Society received grants for the Juan de Fuca Arena Improvement Project. Within five years from the date of Substantial Completion, if the Society sells, leases, or disposes of any asset purchased, acquired, constructed, in whole or in part, with funds contributed by Canada or the Province, the Society may be required to reimburse Canada and the Province any funds received for the Project.

iii. The Society received grants for the Skatepark Project. The Society must obtain approval of the Minister of Pacific Economic Development of Canada prior to any disposal of the Stakepark Project assets. The Project is expected to be completed by March 31, 2023.

WEST SHORE PARKS AND RECREATION SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

12. Budget data:

The budget data presented in these financial statements is based upon the 2022 operating and capital budgets approved by the Members in January and February 2022. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

		2022 Adopted Budget
Revenues:		
Operating	\$	11,911,784
Capital		1,279,900
Total revenue		13,191,684
Add:		
Transfer from reserve		1,009,500
	\$	14,201,184
Expenses:		
Operating	11,331,647	
Capital (TCA Members' Assets)	1,860,900	
		13,192,547
Capital (Society)		343,500
Total expenses		13,536,047
Add:		
Transfer to reserve		665,137
	\$	14,201,184
Annual deficit		-

WEST SHORE PARKS AND RECREATION SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

13. Employee remuneration over \$75,000 per year:

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016. For employee and contractor remuneration, the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fiscal year ending December 31, 2022, the Society paid remuneration of \$1,074,320 to 11 employees, each of whom received total annual remuneration of \$75,000 or greater. (2021 - \$915,931, 9 employees)

These positions are as follows:

- Administrator
- Arena and Events Coordinator
- Community Recreation Coordinator
- Maintenance Supervisor
- Manager of Finance and Administration
- Manager of Human Resource
- Manager of Operations
- Manager of Operations retired
- Manager of Recreation
- Parks Mechanic
- Parks Supervisor