



Financial Statements

Welland Recreational Canal Corporation

December 31, 2007

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# Grant Thornton

## Auditors' report

Grant Thornton LLP  
Suite B  
222 Catharine Street, PO Box 336  
Port Colborne, ON  
L3K 5W1

T (905) 834-3651  
F (905) 834-5095  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Directors of

### Welland Recreational Canal Corporation

We have audited the statement of financial position of the Welland Recreation Canal Corporation as at December 31, 2007 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the management of the Welland Recreational Canal Corporation. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Welland Recreation Canal Corporation as at December 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Port Colborne, Ontario  
May 22, 2008

Grant Thornton LLP  
Chartered Accountants  
Licensed Public Accountants

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## Welland Recreational Canal Corporation

### Statement of Financial Activities

Year ended December 31

2007

2006

#### Revenue

Donations	\$ 300	
HRDC summer student grant	3,292	\$ 2,652
Investment income	656,808	554,028
Rentals	17,239	18,500
Other	2,295	
Land sales		75,000
	<b>679,934</b>	650,180

#### Expenditures

Construction	532,862	305,936
Consultant fees	4,301	17,552
Audit fees	4,800	2,250
Administration	10,678	9,453
Utilities	12,313	11,365
Insurance	23,588	20,285
Wages and benefits	108,000	138,488
Security	23,418	25,301
Special event promotion	48,173	2,967
Other	52,454	40,443
	<b>820,587</b>	574,040

Net revenues (expenditures)	(140,653)	76,140
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#### Financing

Debt principal repayments	(150,000)	(150,000)
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<b>Change in fund balance</b>	<b>(290,653)</b>	<b>(73,860)</b>
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#### Fund balance

Beginning of year	<b>16,058,668</b>	16,132,528
End of year	<b>\$ 15,768,015</b>	<b>\$ 16,058,668</b>

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See accompanying notes to the financial statements

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## Welland Recreational Canal Corporation

### Statement of Financial Position

As at December 31

2007

2006

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#### Assets

##### Current

Cash	\$ 119,275	\$ 125,018
Interest receivable	258,713	231,242
Due from City of Welland		38,125
Long term investments (Note 4)	<u>15,549,283</u>	<u>15,699,240</u>
	<u>\$ 15,927,271</u>	<u>\$ 16,093,625</u>

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#### Liabilities

Payables and accruals	\$ 1,000	\$ 2,250
Security deposits		32,707
Due to City of Welland	158,256	
Long term debt	<u>2,412,927</u>	<u>2,695,186</u>
	<u>2,572,183</u>	<u>2,730,143</u>

#### Fund position

Fund balance	15,768,015	16,058,668
Liabilities to be recovered in future	<u>(2,412,927)</u>	<u>(2,695,186)</u>
	<u>13,355,088</u>	<u>13,363,482</u>

<b>Total liabilities and fund position</b>	<b><u>\$ 15,927,271</u></b>	<b><u>\$ 16,093,625</u></b>
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See accompanying notes to the financial statements

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# Welland Recreational Canal Corporation

## Notes to the Financial Statements

December 31, 2007

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### 1. Nature of operations

The corporation manages, controls, improves and develops the Welland Recreational Canal Lands. The Corporation of the City of Welland holds a reserve fund to fund the expenditures of the Welland Recreational Canal Corporation, and the cash and investments are restricted to this reserve fund.

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### 2. Significant accounting policies

The financial statements of the Welland Recreational Canal Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

#### (a) Reporting entity

The financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the Welland Recreational Canal Corporation.

#### (b) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

#### (c) Tangible capital assets

The historical cost and accumulated depreciation for tangible capital assets are not reported for municipal purposes. Tangible capital assets are reported as an expenditure on the consolidated statement of operations in the year of acquisition.

#### (d) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect 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 expenditures during the reporting period. Actual results could differ from those estimates.

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# **Welland Recreational Canal Corporation**

## **Notes to the Financial Statements**

December 31, 2007

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### **3. Tangible capital assets**

#### **Transitional provisions**

Effective January 1, 2007, the corporation adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2007, the corporation continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2007, the corporation had not yet completed a listing of assets, nor completed the values for those assets. The accumulation of data is expected to be completed by December 31, 2008.

#### **Determination of costs**

Tangible capital assets are to be initially recorded at cost. Cost will include all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Donated assets are to be capitalized at their estimated fair value upon acquisition. Works of art for display in municipal property are not included as capital assets.

On transition to PS-3150, certain capital assets for which historical cost information is not available, will be recorded at current fair market value discounted by a relevant inflation factor.

The corporation will not capitalize interest as part of the costs of its capital assets.

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### **4. Long term investments**

Long term investments consist of Provincial and Federal Government Bonds and bank notes issued by various chartered banks.

The market value of the long term investments at December 31, 2007 was \$ 15,861,704 (2006 - \$ 15,989,078).

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### **5. Related party transactions**

During the year, the City of Welland provided the Welland Recreational Canal Corporation with payroll and administrative services in the amount of \$ 143,000 (2006 - \$ 173,488).

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### **6. Statement of cash flows**

A statement of cash flows has not been presented as management believes it would not provide additional meaningful information. Information about operations, financing and investments are readily apparent from the financial statements.