



Financial Statements

Welland Recreational Canal Corporation

December 31, 2009

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## Auditors' report

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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, 2009 and the statements of operations, changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the managements of the Welland Recreational Canal Corporation and the City of Welland. 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, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Port Colborne, Ontario  
June 3, 2010

*Grant Thornton LLP*

Grant Thornton LLP  
Chartered Accountants  
Licensed Public Accountants

# Welland Recreational Canal Corporation

## Statement of Operations

Year ended December 31, 2009

	<u>2009</u>	<u>2008</u> (As restated) (Note 2(b))
<b>Revenue</b>		
Donations		\$ 2,000
Flatwater rental program	\$ 7,013	4,336
Grants		
Operating	28,316	5,244
Capital	787,330	
Illuminaqua (Note 3)	131,053	121,407
Investment income	615,300	634,792
Other	53,130	
Special events and rentals	<u>41,731</u>	<u>61,203</u>
	<u>1,663,873</u>	<u>828,982</u>
<b>Operating expenditures</b>		
Administration	33,238	39,221
Advertising and promotion	23,512	37,737
Audit fees	6,600	4,000
Commonwealth rowing camp	18,121	
Consulting	5,000	7,939
Equipment rentals	15,240	9,012
Flatwater rental program	2,966	1,094
Illuminaqua	231,251	255,960
Insurance	33,546	32,884
Legal fees	12,274	516
Maintenance	233,393	188,184
Operating supplies	34,527	23,541
Property leases	2,993	1,680
Security	11,870	13,330
Special events	22,157	54,918
Utilities	17,397	13,770
Wages and benefits	214,792	192,371
Youth programs	<u>14,645</u>	<u>12,499</u>
	<u>933,522</u>	<u>888,656</u>
Operating surplus (deficit)	730,351	(59,674)
Amortization	<u>128,506</u>	<u>79,638</u>
<b>Annual surplus (deficit)</b>	<b>601,845</b>	<b>(139,312)</b>
<b>Accumulated surplus (Note 5)</b>		
Beginning of year	<u>16,340,770</u>	<u>16,480,082</u>
End of year	<u>\$ 16,942,615</u>	<u>\$ 16,340,770</u>

See accompanying notes to the financial statements

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# Welland Recreational Canal Corporation

## Statement of Financial Position

As at December 31, 2009

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	<u>2009</u>	<u>2008</u> (As restated) (Note 2(b))
<b>Financial assets</b>		
Cash	\$ 139,377	\$ 294,615
Receivables	6,977	10,091
Interest receivable	264,259	242,856
Due from City of Welland	327,448	145,284
Long term investments (Note 4)	<u>14,396,766</u>	<u>14,376,859</u>
	<u>15,134,827</u>	<u>15,069,705</u>
<b>Liabilities</b>		
Payables and accruals	3,105	
Deferred revenue	<u>333,628</u>	
	<u>336,733</u>	
<b>Net financial assets</b>	14,798,094	15,069,705
<b>Non-financial assets</b>		
Tangible capital assets (Page 10)	<u>2,144,521</u>	<u>1,271,065</u>
<b>Accumulated surplus</b> (Note 5)	<u>\$ 16,942,615</u>	<u>\$ 16,340,770</u>

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On behalf of the Board

  

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See accompanying notes to the financial statements

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**Welland Recreational Canal Corporation**  
**Statement of Changes in Net Financial Assets**

For the Year Ended December 31	2009	2008
<b>Annual surplus (deficit)</b>	<u>\$ 601,845</u>	<u>\$ (139,312)</u>
Amortization of tangible capital assets	128,506	79,638
Acquisition of tangible capital assets, net	(1,001,962)	(624,726)
Adjustment to prior year capital expenditures as a result of recording tangible capital assets	<u>                    </u>	<u>(13,910)</u>
	<u>(873,456)</u>	<u>(558,998)</u>
<b>Decrease in net financial assets</b>	<b>(271,611)</b>	<b>(698,310)</b>
<b>Net financial assets</b>		
Beginning of year	<u>15,069,705</u>	<u>15,768,015</u>
End of year	<u>\$ 14,798,094</u>	<u>\$ 15,069,705</u>

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See accompanying notes to the financial statements

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## Welland Recreational Canal Corporation

### Statement of Cash Flows

For the Year Ended December 31, 2009

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	<u>2009</u>	<u>2008</u> (As restated) (Note 2(b))
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Operating</b>		
Annual surplus (deficit)	\$ 601,845	\$ (139,312)
Non-cash items		
Amortization	128,506	79,638
Adjustment to prior year capital expenditures as a result of recording tangible capital assets		(13,910)
Decrease (increase) in receivables	3,114	(10,091)
Decrease (increase) in interest receivable	(21,403)	15,857
Increase in due from City of Welland	(182,164)	(303,540)
Increase (decrease) in payables and accruals	3,105	(1,000)
Increase in deferred revenue	<u>333,628</u>	<u>                    </u>
	<u>866,631</u>	<u>(372,358)</u>
<b>Investing</b>		
Decrease (increase) in long term investments	<u>(19,907)</u>	<u>1,172,424</u>
<b>Capital</b>		
Acquisition of tangible capital assets, net	<u>(1,001,962)</u>	<u>(624,726)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(155,238)</b>	<b>175,340</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>294,615</u>	<u>119,275</u>
End of year	<u>\$ 139,377</u>	<u>\$ 294,615</u>

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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, 2009

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### 1. Nature of operations

The corporation manages, administers, 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 investment in tangible capital assets of the Welland Recreational Canal Corporation reserve fund held and administered by the City of Welland.

#### (b) Basis of accounting

Effective January 1, 2009, the corporation adopted the Public Sector Accounting Handbook (PSAB) Section 1200 - Financial Statement Presentation, which became applicable to local governments as of that date. This section requires the adoption of full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The corporation's financial statements are now presented on this new basis and the comparative figures have been restated to conform with the new basis of presentation.

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

Effective January 1, 2009, the corporation adopted the PSAB Section 3150 - Tangible Capital Assets. The corporation has recorded its tangible capital assets for 2009, as well as 2008 for comparative purposes.

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## Welland Recreational Canal Corporation

### Notes to the Financial Statements

December 31, 2009

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#### 2. Significant accounting policies (continued)

##### (b) Basis of accounting (continued)

The effect of the adoption of Sections 1200 and 3150 to the previously reported financial statements is as follows:

	<u>2009</u>	<u>2008</u>
Accumulated surplus		
Beginning of year		
As previously reported as fund balance	\$14,966,247	\$15,768,015
Add recording of tangible capital assets	1,271,065	725,977
Adjustments to prior year capital expenditures as a result of recording tangible capital assets	<u>103,458</u>	<u>(13,910)</u>
As restated	<u>\$16,340,770</u>	<u>\$16,480,082</u>

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

##### (c) Cash and cash equivalents

Cash and cash equivalents include balances with banks.

##### (d) Deferred revenue

Deferred revenue is comprised of the unspent portion of grants.

##### (e) Tangible capital assets

Determination of costs

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.

Amortization

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing corporation 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:

Land improvements	10-50 years
Buildings	5-30 years
Machinery and equipment	5-20 years
Infrastructure	20 years

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# Welland Recreational Canal Corporation

## Notes to the Financial Statements

December 31, 2009

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### 2. Significant accounting policies (continued)

#### (e) Tangible capital assets (continued)

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction (work in progress) are not amortized until the asset is available for productive use.

#### (f) Revenue recognition

Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

Other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

#### (g) 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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<b>3. Illuminaqua</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Grants	\$ 95,725	\$ 98,200
Special events	32,298	20,707
Donations	2,259	2,500
Rentals	<u>771</u>	<u>          </u>
	<b><u>\$ 131,053</u></b>	<b><u>\$ 121,407</u></b>

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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 and are under the control and administration of the City of Welland.

The market value of the long term investments at December 31, 2009 was \$ 14,661,025 (2008 - \$ 14,619,715).

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## Welland Recreational Canal Corporation

### Notes to the Financial Statements

December 31, 2009

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<b>5. Accumulated surplus</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Surplus	\$ 443,475	\$ 346,314
Reserves held by the City of Welland	14,354,619	14,723,391
Investment in tangible capital assets	<u>2,144,521</u>	<u>1,271,065</u>
	<b><u>\$16,942,615</u></b>	<b><u>\$16,340,770</u></b>

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#### **6. Related party transactions**

During the year, the City of Welland provided the Welland Recreational Canal Corporation with payroll services in the amount of \$ 113,230 (2008 - \$ 104,871) and administrative services in the amount of \$ 15,000 (2008 - \$ 15,000).

## Welland Recreational Canal Corporation Schedule of Tangible Capital Assets

December 31, 2009

	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Work in Progress</u>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Cost</b>							
Beginning of year	\$ 295,790	\$ 415,558	\$ 553,605	\$ 46,078	\$ 167,926	<b>\$ 1,478,957</b>	\$ 854,231
Add additions during the year	679,559	26,071	127,676	100,533	110,058	<b>1,043,897</b>	624,726
Less work in progress capitalized during the year					(41,935)	<b>(41,935)</b>	
Less disposals during the year			(3,710)			<b>(3,710)</b>	
End of year	<u>975,349</u>	<u>441,629</u>	<u>677,571</u>	<u>146,611</u>	<u>236,049</u>	<b><u>2,477,209</u></b>	<u>1,478,957</u>
<b>Accumulated amortization</b>							
Beginning of year	47,920	22,016	127,471	10,485		<b>207,892</b>	128,254
Add amortization during the year	38,211	14,373	71,106	4,816		<b>128,506</b>	79,638
Less accumulated amortization on disposals			(3,710)			<b>(3,710)</b>	
End of year	<u>86,131</u>	<u>36,389</u>	<u>194,867</u>	<u>15,301</u>		<b><u>332,688</u></b>	<u>207,892</u>
<b>Net book value</b>	<b><u>\$ 889,218</u></b>	<b><u>\$ 405,240</u></b>	<b><u>\$ 482,704</u></b>	<b><u>\$ 131,310</u></b>	<b><u>\$ 236,049</u></b>	<b><u>\$ 2,144,521</u></b>	<b><u>\$ 1,271,065</u></b>