

Consolidated Financial Statements of

**REGIONAL RECREATION CORPORATION
OF WOOD BUFFALO**

Year ended December 31, 2023

Consolidated Financial Statements of

Regional Recreation Corporation of Wood Buffalo

Year ended December 31, 2023

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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 (Feb 29, 2024 10:08 MST)

Graig Walsh
Chief Executive Officer


Sudip Roy (Feb 29, 2024 10:07 MST)

Sudip Roy, CMA, SHRM-SCP, CPIM, PMP
Director, Corporate Services

February 28, 2024

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, 2023, 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, 2023, 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.

Deloitte LLP

Chartered Professional Accountants
February 28, 2024

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO
Consolidated Statement of Financial Position


December 31, 2023

	2023	2022
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 8,561,032	\$ 6,127,423
Accounts receivable	645,123	1,141,616
Prepaid expenses and deposits	286,389	256,187
Inventories	285,746	196,968
Due from the Regional Municipality of Wood Buffalo (Note 4)	-	758,012
	9,778,290	8,480,206
Capital assets (Note 5, 12)	2,510,063	2,378,438
	12,288,353	10,858,644
Liabilities		
Current		
Accounts payable and accrued liabilities	1,779,208	1,772,860
Accrued payroll liabilities	978,374	1,004,374
Deposits and funds held in trust (Note 9)	422,144	401,229
Due to the Regional Municipality of Wood Buffalo (Note 4)	849,341	-
Current portion of deferred revenue (Note 6)	2,089,883	1,892,113
	6,118,950	5,070,576
Deferred revenue (Note 6)	595,838	737,087
Deferred capital contributions (Note 7)	2,266,486	1,916,971
Unamortized deferred capital contributions (Note 8)	1,254,976	1,081,907
	10,236,250	8,806,541
Net assets		
Unrestricted surplus	678,296	671,338
Invested in capital assets	1,289,569	1,296,527
Internally restricted - WB Kids (Note 9)	84,238	84,238
	2,052,103	2,052,103
	\$ 12,288,353	\$ 10,858,644

Credit facility (Note 10)

See accompanying notes to consolidated financial statements

Approved on behalf of the Board:


 Chris Pirie (Feb 29, 2024 10:09 MST)
 Director


 Chelsi Ryan (Feb 29, 2024 10:12 MST)
 Director

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO
Consolidated Statement of Operations

For the Year Ended December 31, 2023

	2023	2022
Revenues:		
Contributions from the Regional Municipality of Wood Buffalo (Note 12)	\$ 15,908,894	\$ 17,411,876
Memberships	4,688,320	3,734,893
Facility and equipment rental (Note 12)	4,422,020	3,778,582
Hospitality (food and beverage) (Note 12)	3,929,481	3,638,935
User fees and admissions	2,272,452	1,883,443
Events	1,658,689	821,563
Sponsorships and donations	1,096,944	1,071,996
Programs	925,989	1,156,798
Other revenue (Note 12, 13)	790,147	319,751
Pro-shop merchandise sales	688,800	548,338
Amortization of deferred capital contributions (Note 8)	210,173	15,059
	36,591,909	34,381,234
Cost of goods sold:		
Events and hospitality (Note 11)	3,350,909	2,094,740
Pro-shop merchandise sales	499,272	399,437
Sponsorship fulfillment	148,578	141,945
	3,998,759	2,636,122
Excess of revenues over cost of goods sold	32,593,150	31,745,112
Expenses:		
Wages and benefits	21,022,581	20,550,119
Utilities (Note 12)	3,310,433	3,336,799
Supplies	2,221,394	1,898,097
Lifecycle	1,063,887	1,228,837
Subcontractors	927,929	1,151,983
Insurance (Note 12)	854,384	738,421
Communication and Information Technology	815,144	719,605
Repairs and maintenance	533,037	542,874
Amortization of capital assets	504,410	295,794
Advertising and Promotion	279,609	204,311
Professional fees	258,307	265,114
Bank charges and penalties	229,312	193,305
Travel and meals (Note 12)	197,589	161,070
Equipment and miscellaneous rentals	132,179	205,508
Training (Note 12)	121,956	96,107
Licenses, fees and permits (Note 12)	60,522	59,699
Office and general	41,996	67,469
Loss on disposal of capital assets	10,256	-
Bad debts	8,225	30,000
	32,593,150	31,745,112
Deficiency of revenues over expenses	\$ -	\$ -

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, 2023

	Unrestricted Surplus	Invested in Capital Assets	Internally restricted - WB Kids Fund	2023
Balance, Beginning of Year	\$ 671,338	\$ 1,296,527	\$ 84,238	\$ 2,052,103
Invested in Capital Assets - net	6,958	(6,958)	-	-
Balance, End of Year	\$ 678,296	\$ 1,289,569	\$ 84,238	\$ 2,052,103

	Unrestricted Surplus	Invested in Capital Assets	Internally restricted - WB Kids Fund	2022
Balance, Beginning of Year	\$ 457,210	\$ 1,510,655	\$ 84,238	\$ 2,052,103
Invested in Capital Assets - net	214,128	(214,128)	-	-
Balance, End of Year	\$ 671,338	\$ 1,296,527	\$ 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, 2023

	2023	2022
Cash provided by (used in):		
Operating:		
Deficiency of revenues over expenses	\$ -	\$ -
Non-cash items included in annual deficit		
Amortization of deferred capital contributions	(210,173)	(15,059)
Amortization of capital assets	504,410	295,794
Loss on disposal of capital assets	10,256	-
Changes in non-cash operating working capital items:		
Accounts receivable	496,493	(548,783)
Inventories	(88,778)	(18,119)
Prepaid expenses and deposits	(30,202)	(70,701)
Due to/from the Regional Municipality of Wood Buffalo	1,607,353	(3,664,688)
Accounts payable and accrued liabilities	(134,513)	(1,246)
Accrued payroll liabilities	(26,000)	268,719
Deposits and funds held in trust	20,915	53,823
Deferred revenue	56,521	31,803
Cash provided by operating transactions	2,206,282	(3,668,457)
Capital:		
Purchase of capital assets	(3,043,532)	(2,674,005)
Cash applied to capital transactions	(3,043,532)	(2,674,005)
Financing:		
Contributions received for the purchase of capital assets	3,270,859	3,612,714
Cash provided by financing transactions	3,270,859	3,612,714
Change in cash and cash equivalents during the year	2,433,609	(2,729,748)
Cash and cash equivalents, beginning of year	6,127,423	8,857,171
Cash and cash equivalents, end of year	\$ 8,561,032	\$ 6,127,423

See accompanying notes to consolidated financial statements

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

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 has one member – the Regional Municipality of Wood Buffalo (the “Municipality”).

The Corporation was established by the Municipality 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 Municipality provides operating and capital contributions to the Corporation on an annual basis to support the Corporation’s activities. The Municipality and the Corporation have a 15-year operating agreement that commenced July 1, 2018.

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.

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

2. Significant accounting policies (continued)

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. The Corporation has properly classified all financial instruments in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3450, Financial Instruments ("Section PS 3450").

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.

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.

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

2. Significant accounting policies (continued)

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.

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, 2023

2. Significant accounting policies (continued)

Adoption of new standard Asset Retirement Obligations

The Corporation has adopted CPA Canada Public Sector Accounting Handbook Section PS 3280, Asset Retirement Obligations and has made the accounting policy choice to apply using prospective application in accordance with paragraphs PS 3280.72-73. The management have concluded there are no asset retirement obligations (and related capitalizations to tangible capital assets) required to satisfy adoption of PSAS 3280.

3. Cash and cash equivalents

Included in cash and cash equivalents is an amount of \$2,334,428 (2022 - \$954,521) 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. Due to/from related parties

The amount due to/from the Municipality relates to insurance 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/from the Municipality is unsecured, non-interest bearing and without scheduled repayment terms.

5. Capital assets

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 1,601,656	\$ 779,480	\$ 822,176	\$ 575,392
Building and building improvements	677,804	163,333	514,471	569,054
Golf course improvements	-	-	-	10,756
Furniture and fixtures	23,893	6,173	17,720	20,109
Computer software	1,117,951	196,114	921,837	1,081,907
Computer hardware	130,391	-	130,391	-
Automotive	149,513	46,045	103,468	121,220
	\$ 3,701,208	\$ 1,191,145	\$ 2,510,063	\$ 2,378,438

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, 2023

5. Capital assets (continued)

Included in capital additions are \$140,862 (2022 - \$48,902) that are included in accounts payable and accrued liabilities at year-end.

6. Deferred revenue

Deferred revenue balance consists of the following:

	<u>2023</u>	<u>2022</u>
Sponsorship agreements	\$ 1,215,267	\$ 1,380,893
Fitness memberships and programs	928,195	796,883
Facility rentals	96,846	137,735
Gift certificates	118,473	121,920
Annual golf memberships	202,064	74,175
Box office	121,030	111,120
Lifetime golf memberships	3,846	6,474
	<u>2,685,721</u>	<u>2,629,200</u>
Less current portion	<u>2,089,883</u>	<u>1,892,113</u>
	<u>\$ 595,838</u>	<u>\$ 737,087</u>

Included in the non-current liability portion of deferred revenue is \$594,619 (2022 - \$733,240) relating to sponsorship agreements, and \$1,219 (2022 - \$3,846) relating to lifetime golf memberships.

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

7. 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, 2023	Amounts Received	Transfers to Related Party (Note 12)	Transfers (Note 8)	December 31, 2023
Capital facility upgrades	\$ 1,378,420	\$ 2,792,900	\$ (2,109,432)	\$ -	\$ 2,061,888
Interest on grant received for capital projects	19,773	111,906	-	-	131,679
Federal Grants	-	100,000	-	(84,259)	15,741
Provincial Grants	-	221,005	-	(221,005)	-
Capital portion of operating grant deferred	518,778	45,048	(428,670)	(77,978)	\$ 57,178
	\$ 1,916,971	\$ 3,270,859	\$ (2,538,102)	\$ (383,242)	\$ 2,266,486
	January 1, 2022	Amounts Received	Transfers to Related Party (Note 12)	Transfers (Note 8)	December 31, 2022
Capital facility upgrades	\$ 845,728	\$ 1,970,100	\$ (1,437,408)	\$ -	\$ 1,378,420
Interest on grant received for capital projects	114,932	26,870	(122,029)	-	19,773
Capital portion of operating grant deferred	-	1,615,744	-	(1,096,966)	\$ 518,778
	\$ 960,660	\$ 3,612,714	\$ (1,559,437)	\$ (1,096,966)	\$ 1,916,971

8. Unamortized deferred capital contributions

	2023	2022
Balance, beginning of year	\$ 1,081,907	\$ 14,945,130
Transfers from deferred capital contributions (Note 7)	383,242	1,096,966
Transfers of capital assets to related party (Note 12)	-	(14,945,130)
Amounts recognized as revenue	(210,173)	(15,059)
Balance, end of year	\$ 1,254,976	\$ 1,081,907

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

9. 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 \$276,614 (2022 - \$273,876).

10. 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 (2022 - \$1,000,000) which bears interest at prime less 0.5% per annum. At December 31, 2023, this facility had not been drawn upon. In addition, the Corporation has access to a \$300,000 (2022 - \$300,000) Visa business facility which is drawn upon from time to time. Accounts receivable have been pledged as security on these facilities.

11. Events and hospitality cost of goods sold

	<u>2023</u>	<u>2022</u>
Hospitality	\$ 1,451,594	\$ 1,237,580
Events	1,301,264	435,804
Tournament	551,508	324,513
Sundry	46,543	96,843
	<u>\$ 3,350,909</u>	<u>\$ 2,094,740</u>

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

12. Related party transactions

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

	<u>2023</u>	<u>2022</u>
Regional Municipality of Wood Buffalo - Revenues		
Operating contributions	\$ 15,908,894	\$ 17,411,876
Hospitality (food and beverage)	97,751	72,778
Facility rental	62,564	20,662
Advertising	25,223	16,239
Other revenue	83	1,866
Regional Municipality of Wood Buffalo - Expenses		
Insurance	746,585	624,639
Utilities	296,487	325,669
Travel and Meals	33,600	36,400
Training	10,599	-
License, fees and permits	8,215	8,504
Regional Municipality of Wood Buffalo Library Board		
Service agreement revenue	689,018	662,511
Facility and equipment rental	6,678	8,140
Marketing & Promotions	2,550	1,750
Hospitality (food and beverage)	1,274	260

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 \$2,792,900 (2022 - \$1,970,000) were received from the Municipality for capital upgrades. During the year, \$888,364 (2022 - \$816,963) was spent from current year funding and \$1,650,629 (2022 - \$742,574) was spent from prior years.

The Corporation transferred the entirety of capital grant funded assets to the Municipality in 2022. As a result, \$nil (2022 - \$14,945,130) of net book value was transferred in previous years' capitalized assets. In addition, \$nil (2022 - \$1,559,437) of current year grant funded capital asset purchases were transferred to the Municipality. \$2,193,567 (2022 - \$1,398,193) of capital grant funding is deferred for future years.

REGIONAL RECREATION CORPORATION OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

13. Non-monetary transactions

The Corporation entered 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 2023, non-monetary transactions in the consolidated statement of operations include \$365,983 (2022 - \$111,479) of cost of sales, \$57,590 (2022 - \$73,401) expenses and \$423,573 (2022 - \$184,880) of revenue.

14. Economic dependence

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

15. Reclassification

Certain comparative figures have been reclassified to the current year presentation.