
Subject: Approval of the Statement of Revenues and Expenditures for Canada Summer Games at Substantial Completion

Report to: Corporate Services Committee

Report date: Wednesday, June 15, 2022

Recommendations

1. That the draft audited statement of revenues and expenditures for the Canada Summer Games Park Project for the period ended February 11, 2022 (Appendix 1 to Report CSD 24-2022), **BE APPROVED**;
2. That staff **BE DIRECTED** to co-ordinate with the auditor to finalize the statement as presented; and
3. That this report **BE FORWARDED** to the Region's Audit Committee and to the Minister of Heritage, Sport, Tourism and Culture Industries for information as required.

Key Facts

- The purpose of this report is to obtain approval of the draft audited statement of revenues and expenditures ("the statement") to satisfy the compliance audit requirement in the Investing in Canada Infrastructure Program (ICIP): Community, Culture and Recreation Infrastructure Steam agreement (the "agreement").
- The agreement is between the Minister of Heritage, Sport, Tourism and Culture Industries (the "Province") and the 2021 Canada Games Host Society Inc. (the "CSG Host Society").
- On June 30, 2020, The Regional Municipality of Niagara (the "Region") executed a Transition Agreement with the CSG Host Society, setting out the details, including preconditions, to the transition of the responsibility to the Region for managing the remaining construction of the Canada Games Park.
- Provincial Consent to proceed with the transfer of responsibility was executed on May 12, 2021, and the Region and CSG Host Society finalized the transition on May 31, 2021.
- Section D.8.0 of the Transfer Payment Agreement (the "TPA") details the requirement for a compliance audit. The Region and the Province came to a written agreement that the compliance audit shall be conducted in accordance with section 805 of Canadian Auditing Standards – Audits of Single Financial Statements and Specific Elements, Accounts of Items of a Financial Statement.

- Two compliance audits are required to be completed over the course of the capital project. The first compliance audit was approved through Report CSD 15-2022, for the period ended March 31, 2021. The second compliance audit presented in Appendix 1 to Report CSD 24-2022, is for the period from April 1, 2021 to February 11, 2022, the date of substantial completion.

Financial Considerations

The draft audited statement has been prepared in accordance with the financial reporting provisions in the agreement and subsequent amending agreements with the Province.

A copy of the draft audited statements for the capital project for the period ended February 11, 2022, is attached in Appendix 1 to Report CSD 24-2022.

The statement is prepared specifically for the purpose of meeting the requirements outlined in the agreement and may not be suitable for other purposes.

Analysis

The Region's auditors, Deloitte, completed the audit of the statement for the Canada Summer Games capital project for the period ended February 11, 2022. The auditors have indicated that, in their opinion, the financial information for the period ended February 11, 2022, is prepared, in all material aspects, in accordance with the financial reporting provisions in the agreement.

The statement shows that between April 1, 2021 and February 11, 2022, \$39,676,815 of eligible project costs and \$95,205 of ineligible costs were incurred. As of February 11, 2022 the total expenditures to date on the project were \$102,461,695. While most revenue to support the project have been recognized, the project team continues to collect fundraising revenue to support the project and the projects final financial position is expected to be known later this year. As of May 2022, The Region has been advised that the fundraising team is on track to secure the planned fundraising revenues.

A breakdown of the costs and revenue have been included in the statement attached as Appendix 1 to Report CSD 24-2022.

Alternatives Reviewed

The audited statement is prepared in accordance with the agreement; therefore no alternative is available.

Relationship to Council Strategic Priorities

Providing formal financial reporting to Council and the public supports Council's strategic priority of Sustainable and Engaging Government.

Other Pertinent Reports

- CAO 16-2019 – Canada Summer Games Budget Initiation
- CSD 64-2020 – Canada Summer Games – Transition Update
- CSD 67-2020 – 2021 Canada Summer Games Agreements – Update and Next Steps
- CAO 11-2020 – 2021 Canada Summer Games Event and Project Update
- CSD 42-2020 – Canada Summer Games Agreements Update and Next Steps
- CAO 10-2021 – 2022 Canada Summer Games Update
- CSD 55-2021 – Canada Summer Games Budget Increase
- CSD 15-2022 – Approval of the Statement of Revenues and Expenditures for Canada Summer Games

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Submitted by:

Ron Tripp, P.Eng.
Chief Administrative Officer

This report was prepared in consultation with Helen Chamberlain, Director
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Appendices

Appendix 1 Statement of Revenues and Expenditures for Canada Summer Games

Statement of Revenues and Expenditures

The Regional Municipality of Niagara
Canada Summer Games Project

For the period ended February 11, 2022

The Regional Municipality of Niagara

Canada Summer Games Project

For the period ended February 11, 2022

Table of contents

Independent Auditor's Report.....	1-2
Statement of Revenues and Expenditures	3-4
Notes to the Statement of Revenues and Expenditures.....	5

Independent Auditor's Report

To the Minister of Heritage, Sport, Tourism and Culture Industries

Opinion

We have audited the Statement of Revenues and Expenditures (the "Statement") of the Regional Municipality of Niagara (the "Region") – Canada Summer Games Project (the "Project") for the period ended February 11, 2022 (the "Period"), including a summary of significant accounting policies.

In our opinion, the accompanying Statement of the Region for the period ended February 11, 2022 is prepared, in all material respects, in accordance with the financial reporting provisions of the Transfer Payment Agreement dated August 30, 2019, the First Amending Agreement dated November 1, 2020, the Second Amending Agreement dated March 26, 2021 and email correspondence from the Ministry dated October 4, 2021 (collectively referred to as the "Guidelines").

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 Statement* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the Statement 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.

Emphasis of Matter - Basis of Accounting

We draw attention to the fact that the Statement has been prepared in accordance with the Guidelines. The Statement is prepared to assist the Region in complying with the financial reporting provisions of the Guidelines. As a result, the Statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the Statement in accordance with the Guidelines, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Region's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 this Statement.

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 Statement, 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 Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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.

Chartered Professional Accountants
Licensed Public Accountants
June 23, 2022

The Regional Municipality of Niagara

Canada Summer Games Project

Statement of Revenues and Expenditures

For the period ended February 11, 2022

	Budgeted	Actual Expenditures Incurred			
		Total Expenditures up to March 31, 2021	Eligible Expenditures since April 1, 2021	Ineligible Expenditures since April 1, 2021	Total Expenditures
	Total Expenditures				
EXPENDITURES:					
Building Permits and Site Plan Fees	\$ 453,774	\$ 453,774	\$ -	\$ -	\$ 453,774
Construction	91,242,051	56,659,491	38,361,796	-	95,021,287
Architectural and Design	4,154,988	3,768,336	565,904	-	4,334,240
Administration	275,621	276,639	15,043	-	291,683
Project Management	212,118	460,978	131,883	-	592,861
Technical Studies	288,056	70,456	22,992	-	93,448
Furniture and Equipment	288,500	-	372,911	-	372,911
Other Host Managed Expenses	5,914,540	-	206,286	95,205	301,491
TOTAL EXPENDITURES	\$ 102,829,648	\$ 61,689,675	\$ 39,676,815	\$ 95,205	\$ 101,461,695

The Regional Municipality of Niagara

Canada Summer Games Project

Statement of Revenues and Expenditures

For the period ended February 11, 2022

		Actual Revenues			
	Estimated Revenues	Total Revenues up to March 31, 2021	Revenues Since April 1, 2021	Ineligible Costs since April 1, 2021	Total Revenues
REVENUES:					
Federal:					
Year 1	\$ 5,800,000	\$ 5,800,000	\$ -	\$ -	\$ 5,800,000
Year 2	17,400,000	17,400,000	-	-	17,400,000
Year 3	5,800,000	-	5,800,000	-	5,800,000
Provincial:					
Year 1	5,800,000	5,800,000	-	-	5,800,000
Year 2	17,400,000	17,400,000	-	-	17,400,000
Year 3	5,800,000	-	5,800,000	-	5,800,000
Participants:					
Region	20,036,786	12,237,912	7,703,668	95,205	20,036,786
City of St. Catharines	10,000,000	3,000,000	7,000,000	-	10,000,000
City of Thorold	5,000,000	-	5,000,000	-	5,000,000
Brock University	4,387,674	-	4,387,674	-	4,387,674
Other Contributions:					
Fundraising - Ineligible Expenditures	3,819,508	20,482	2,948,237	-	2,968,719
Fundraising - Eligible Expenditures	1,585,680	31,281	-	-	31,281
TOTAL REVENUES	102,829,648	61,689,675	38,639,579	95,205	100,424,460
DEFICIENCY OF REVENUES OVER EXPENDITURES					
	\$ -	\$ 0	\$ (1,037,235)	\$ -	\$ (1,037,235)

The Regional Municipality of Niagara

Canada Summer Games Project

Notes to the Statement of Revenues and Expenditures

For the period ended February 11, 2022

1. Summary of significant accounting policies

The Statement of Revenues and Expenditures of The Regional Municipality of Niagara has been prepared by management in accordance with the financial reporting provisions in the Transfer Payment Agreement dated August 30, 2019 between the Ministry of Heritage, Sport, Tourism, and Culture Industries and the 2021 Canada Games Host Society Inc. as well as the First Amending Agreement, dated November 1, 2020 and Second Amending Agreement, dated March 26, 2021 (the "Agreement").

Significant accounting policies are as follows:

a) Revenue and expenditures

Revenue is recorded when earned.

Expenditures are recorded in the period incurred, in accordance with the eligibility criteria described in the Agreement.

b) Capital assets

Tangible capital assets acquired are reported as an expenditure, amortization is not recorded.

c) Use of estimates

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic schedules involves the use of estimates. These have been made using careful judgments.

2. Funding agreement

The Ministry of Heritage, Sport, Tourism, and Culture Industries and the Federal Government will each fund up to \$29 million of eligible project expenditures incurred after project start date of August 30, 2019. Funding by The Ministry of Heritage, Sport, Tourism, and Culture Industries and the Federal Government will be payable in accordance with the terms and conditions of the Agreement and may be clawed back if the total financial assistance received or due in respect of the total project exceeds the total budgeted eligible expenditures of the project as per the Agreement.