

---

**Subject:** Approval of the Statement of Revenues and Expenditures – Canada Summer Games Project

**Report to:** Corporate Services Committee

**Report date:** Wednesday, March 8, 2023

---

## Recommendations

1. That the draft audited statement of revenues and expenditures for the Canada Summer Games Park Project for the period ended February 7, 2022 (Appendix 1 to Report CSD 18-2023), **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 amended 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 was approved through Report CSD 24-2022 for the period from April 1, 2021 to February 11, 2022.
- This compliance audit replaces the audit presented in Report CSD 24-2022 in order to align with the Fourth Amending ICIP Agreement dated December 16, 2022; which includes a re-categorization between eligible and ineligible expenditures and a revised date of substantial completion of February 7, 2022.

## **Financial Considerations**

### **ICIP Compliance Audit – Canada Summer Games Project**

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 7, 2022, is attached in Appendix 1 to Report CSD 18-2023.

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

### **Region's Funding Contribution – Federal Gas Tax Allocation**

The Niagara Region was required to lower the amount of Federal Gas Tax funding for this project by \$2 million in order to be within the stacking provisions under section 8.2 of the Investing in Canada Infrastructure Program: Community Culture and Recreation guidelines. To lower this amount, a funding swap for Capital Levy was completed with the project identified in Appendix 2 to Report CSD 18-2023.

## **Analysis**

The Region's auditors, Deloitte, completed the audit of the statement for the Canada Summer Games capital project for the period ended February 7, 2022. The auditors have indicated that, in their opinion, the financial information for the period ended February 7, 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 7, 2022, \$39,369,738 of eligible project costs and \$4,585,695 of ineligible costs were incurred. As of February 7, 2022 the total expenditures to date on the project were \$102,645,108.

A breakdown of the costs and revenue have been included in the statement attached as Appendix 1 to Report CSD 18-2022.

## **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 4-2022 – Canada Summer Games – Amendment to Construction Agreement
- CSD 15-2022 – Approval of the Statement of Revenues and Expenditures for Canada Summer Games
- CSD 24-2022 – Approval of the Statement of Revenues and Expenditures for Canada Summer Games at Substantial Completion

---

**Prepared by:**

Donovan D'Amboise, CPA, CA  
Acting Associate Director, Reporting &  
Analysis  
Corporate Services

---

**Recommended by:**

Todd Harrison, CPA, CMA  
Commissioner/Treasurer  
Corporate Services

---

**Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer

**Appendices**

Appendix 1            Statement of Revenues and Expenditures – Canada Summer  
Games Project

Appendix 2            Project to Swap Gas Tax Funding

Statement of Revenues and Expenditures

**The Regional Municipality of Niagara**  
Canada Summer Games Project

For the period ended February 7, 2022

Draft

# The Regional Municipality of Niagara

Canada Summer Games Project

For the period ended February 7, 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

Draft

## 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 7, 2022 (the "Period"), including a summary of significant accounting policies.

In our opinion, the accompanying Statement of the Region for the period ended February 7, 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, email correspondence from the Ministry dated October 4, 2021, the Third Amending Agreement dated October 31, 2021 and the Fourth Amending Agreement dated December 16, 2022 (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  
March 23, 2023



# The Regional Municipality of Niagara

## Canada Summer Games Project

Statement of Revenues and Expenditures

For the period ended February 7, 2022

	Budgeted	Actual Expenditures Incurred				Total Expenditures
		Total Eligible Expenditures up to March 31, 2021	Total Ineligible Expenditures up to March 31, 2021	Eligible Expenditures since April 1, 2021	Ineligible Expenditures since April 1, 2021	
	Total Expenditures					
EXPENSES:						
Fees	445,984	438,829	14,945	(15,000)	15,000	453,774
Construction	94,754,517	56,659,491	20,482	34,418,609	3,305,850	94,404,431
Architectural and Design	4,284,078	1,208,444	2,545,673	549,750	78,641	4,382,508
Administration	493,129	171,396	101,831	(114,348)	272,697	431,576
Project Management	212,118	378,441	79,686	114,474	112,596	685,197
Technical Studies	288,056	20,746	49,710	7,633	6,276	84,366
Furniture and Equipment	568,500	-	-	55,415	388,635	444,050
Other Host Managed Expenses	5,914,540	-	-	1,353,206	406,000	1,759,206
<b>TOTAL EXPENDITURES</b>	<b>106,960,922</b>	<b>58,877,348</b>	<b>2,812,327</b>	<b>36,369,738</b>	<b>4,585,695</b>	<b>102,645,108</b>

	Estimated Revenues	Actual Revenues				Total Revenues
		Total Revenues up to March 31, 2021	Total Ineligible Costs up to March 31, 2021	Revenues Since April 1, 2021	Ineligible Costs since April 1, 2021	
<b>REVENUES:</b>						
<b>Federal:</b>						
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
Region Gas Tax	1,419,056	-	-	1,419,056	-	1,419,056
St. Catharines Gas Tax	4,185,000	-	-	4,185,000	-	4,185,000
Sport Canada (Heritage Canada)	3,000,000	-	-	3,000,000	-	3,000,000
<b>Provincial:</b>						
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
<b>Participants:</b>						
Region	22,750,724	9,446,067	2,791,845	6,385,434	4,127,378	22,750,724
City of St. Catharines	5,815,000	3,000,000	-	2,815,000	-	5,815,000
City of Thorold	5,000,000	-	-	5,000,000	-	5,000,000
Brock University	1,391,142	-	-	1,391,142	-	1,391,142
<b>Other Contributions:</b>						
Fundraising	5,400,000	31,281	20,482	574,106	2,374,131	3,000,000
<b>TOTAL REVENUES</b>	<b>106,960,922</b>	<b>58,877,348</b>	<b>2,812,327</b>	<b>36,369,738</b>	<b>6,501,509</b>	<b>104,560,922</b>

# The Regional Municipality of Niagara

Canada Summer Games Project

Notes to the Statement of Revenues and Expenditures

For the period ended February 7, 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, the Second Amending Agreement dated March 26, 2021, email correspondence from the Ministry dated October 4, 2021, the Third Amending Agreement dated October 31, 2021 and the Fourth Amending Agreement dated December 16, 2022 (collectively referred to as the "Guidelines").

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.

**Appendix 2 - Projects to Swap Gas Tax Funding**

	<b>Current Budget</b>	<b>Budget Increase/ Reallocation</b>	<b>Revised Council Approved Budget</b>
	(A)	(B)	(C) = (A)+(B)
<b>Project Funding Sources (20000751) - Canada Summer Games</b>			
Debt	(6,350,000)		(6,350,000)
Capital Variance	(4,231,344)		(4,231,344)
Federal Gas Tax	(3,419,056)	2,000,000	(1,419,056)
General Capital Levy	(10,267,730)	(2,000,000)	(12,267,730)
Other External	(77,193,105)		(77,193,105)
	<b>(101,461,235)</b>	<b>-</b>	<b>(101,461,235)</b>
<b>Project Funding Sources (20001407) - Structural Rehab Hwy 20</b>			
Federal Gas Tax	(2,500,000)	(2,000,000)	(4,500,000)
General Capital Levy	(2,500,000)	2,000,000	(500,000)
	<b>(5,000,000)</b>	<b>-</b>	<b>(5,000,000)</b>