

C.A. PIPPY PARK COMMISSION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020

Management's Report

Management's Responsibility for the C.A. Pippy Park Commission Consolidated Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited consolidated financial statements yearly.

The Auditor General conducts an independent audit of the annual consolidated financial statements of the Commission in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the C.A. Pippy Park Commission.

On behalf of the C.A. Pippy Park Commission.



Mr. Ric Mercer
Executive Director



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of the Board of Directors
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

Opinion

I have audited the consolidated financial statements of the C.A. Pippy Park Commission and its subsidiary (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

Independent Auditor's Report (cont.)

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated 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 my 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.

Independent Auditor's Report (cont.)

- 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 Group'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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.



SANDRA RUSSELL, CPA, CA
Auditor General (A)

September 24, 2020
St. John's, Newfoundland and Labrador

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 1,024,162	\$ 980,839
Accounts receivable (Note 3)	12,969	74,851
Inventories held for resale	10,263	11,546
	<u>1,047,394</u>	<u>1,067,236</u>
LIABILITIES		
Accounts payable and accrued liabilities	129,088	107,604
Deferred revenue (Note 4)	156,511	186,954
Obligations under capital leases (Note 5)	25,708	68,496
Employee future benefits (Note 6)	59,067	59,131
	<u>370,374</u>	<u>422,185</u>
Net financial assets	<u>677,020</u>	<u>645,051</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	23,217	20,606
Inventories held for use	17,415	17,852
Tangible capital assets (Note 7)	8,272,884	8,384,688
	<u>8,313,516</u>	<u>8,423,146</u>
Accumulated surplus	<u>\$ 8,990,536</u>	<u>\$ 9,068,197</u>
Contractual obligations (Note 12)		
Contractual rights (Note 13)		

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board: Sean Kelly
Chairperson

S. Zylak
Member

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31

	2020 Budget	2020 Actual	2019 Actual
	(Note 15)		
REVENUES (Note 9)			
Province of Newfoundland and Labrador			
Operating grant	\$ 261,000	\$ 261,000	\$ 459,500
Golf course (Note 10)	886,860	786,553	790,478
Campground (Note 11)	615,000	618,305	600,449
Services	304,000	307,986	307,612
Rental	114,000	119,311	120,436
Government of Canada	-	61,711	-
Miscellaneous	50,833	58,079	57,058
Interest	5,000	29,244	18,310
Advertising	-	7,599	7,599
	2,236,693	2,249,788	2,361,442
EXPENSES (Note 9)			
Golf course	866,165	831,492	913,396
Campground	280,950	292,199	254,293
General park	588,925	554,525	598,996
Administration and other	637,571	649,233	671,549
	2,373,611	2,327,449	2,438,234
Annual deficit before gain on disposal of tangible capital assets	(136,918)	(77,661)	(76,792)
Gain on disposal of tangible capital assets	-	-	18,716
Annual deficit	(136,918)	(77,661)	(58,076)
Accumulated surplus, beginning of year	9,068,197	9,068,197	9,126,273
Accumulated surplus, end of year	\$ 8,931,279	\$ 8,990,536	\$ 9,068,197

The accompanying notes are an integral part of these financial statements.

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2020 Budget	2020 Actual	2019 Actual
(Note 15)			
Annual deficit	\$ (136,918)	\$ (77,661)	\$ (58,076)
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(43,341)	(28,546)
Net book value of tangible capital asset disposals	-	-	11,284
Amortization of tangible capital assets	161,491	155,145	179,702
	161,491	111,804	162,440
Changes in other non-financial assets			
Use of prepaid expenses	-	20,606	21,716
Acquisition of prepaid expenses	-	(23,217)	(20,606)
Net use (acquisition) of inventories held for use	-	437	(162)
	-	(2,174)	948
Increase in net financial assets	24,573	31,969	105,312
Net financial assets, beginning of year	645,051	645,051	539,739
Net financial assets, end of year	\$ 669,624	\$ 677,020	\$ 645,051

The accompanying notes are an integral part of these financial statements.

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2020	2019
Cash flows from operating activities		
Annual deficit	\$ (77,661)	\$ (58,076)
Adjustment for non-cash items		
Amortization	155,145	179,702
Bad debt expense	-	10,695
Gain on disposal of tangible capital assets	-	(18,716)
	77,484	113,605
Changes in non-cash working capital		
Accounts receivable	61,882	(33,280)
Inventories held for resale	1,283	1,340
Prepaid expenses	(2,611)	1,110
Inventories held for use	437	(162)
Accounts payable and accrued liabilities	21,484	(22,586)
Deferred revenue	(30,443)	11,300
Employee future benefits	(64)	(218,428)
Cash provided from (applied to) operating transactions	129,452	(147,101)
Capital transactions		
Acquisition of tangible capital assets	(43,341)	(28,546)
Proceeds from disposal of tangible capital assets	-	30,000
Cash (applied to) provided from capital transactions	(43,341)	1,454
Financing transactions		
Increase in capital lease obligations	-	23,551
Repayment of capital lease obligations	(42,788)	(38,196)
Cash applied to financial transactions	(42,788)	(14,645)
Net increase (decrease) in cash	43,323	(160,292)
Cash, beginning of year	980,839	1,141,131
Cash, end of year	\$ 1,024,162	\$ 980,839

The accompanying notes are an integral part of these financial statements.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

1. Nature of operations

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under the authority of the Pippy Park Commission Act. The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

The C.A. Pippy Park Golf Course Limited (the Golf Course) was incorporated on January 6, 2006, under the Corporations Act. It is a wholly owned subsidiary of the Commission, incorporated in accordance with Section 25(b)(i) of the Pippy Park Commission Act. Its purpose is to manage the Pippy Park Golf Course.

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Commission is classified as an Other Government Organization as defined by Canadian public sector accounting standards (CPSAS). These consolidated financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board (PSAB). The Commission does not prepare a statement of remeasurement gains and losses as the Commission does not enter into relevant transactions or circumstances that are addressed by that statement.

The consolidated financial statements include the assets, liabilities and accumulated surplus of the C.A. Pippy Park Commission and its subsidiary corporation, C.A. Pippy Park Golf Course Limited. Inter-entity transactions and balances have been eliminated in these consolidated financial statements. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Commission's financial instruments recognized in the consolidated statement of financial position consist of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital leases. The Commission generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The Commission subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Of the financial assets, cash is measured at cost while accounts receivable is measured at amortized cost. Financial liabilities measured at cost include accounts payable and accrued liabilities. Obligations under capital leases are measured at amortized cost.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital leases approximate current fair value due to their nature and/or the short-term maturity associated with these instruments.

Interest attributable to financial instruments is reported on the consolidated statement of operations.

(c) Cash

Cash includes cash in bank.

(d) Tangible capital assets

All tangible capital assets are recorded at cost at the time of acquisition, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease.

The cost, less residual value, of the tangible capital assets, is amortized using the declining balance method over the expected useful lives as follows:

Furniture and equipment	30%
Vehicles	30%
Equipment under capital leases	30%
Buildings	10%
Park improvements	10%
Golf course improvements	10%

The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Commission use, cost is allocated between land and buildings.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

2. Summary of significant accounting policies (cont.)

(d) Tangible capital assets (cont.)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Commission's ability to provide 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.

(e) Inventories held for resale

Inventories held for resale, including confectionary and golf supplies, are recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(f) Inventories held for use

Inventories held for use include supplies and are recorded at the lower of historical cost and replacement cost.

(g) Prepaid expenses

Prepaid expenses are recorded as an expense over the periods expected to benefit from the prepayment.

(h) Employee future benefits

- (i) The employees of the Commission are subject to the Public Service Pensions Act, 2019. Employee contributions are matched by the Commission and remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. This pension plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

The matched contributions paid by the Commission are recorded as an expense for the year.

- (ii) The Commission provides accumulating, non-vesting sick leave benefits to its employees. The Commission has made a provision in the accounts for the payment of accumulating non-vesting sick leave benefits for employees which is based upon the Commission's best estimate of the probability of the employees utilizing the benefits and current salary levels. The accumulating non-vesting sick leave benefits cease upon termination of employment with the Commission.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

2. Summary of significant accounting policies (cont.)

(i) Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized as revenue in the fiscal year the fee is earned or the service is performed.

The Commission recognizes government transfers as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulations related to the liabilities are settled. Government transfers consist of an operating grant from the Province of Newfoundland and Labrador.

(j) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

(k) Measurement uncertainty

The preparation of consolidated financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

3. Accounts receivable

	<u>2020</u>	<u>2019</u>
Trade	\$ 10,573	\$ 72,242
Harmonized sales tax	3,091	3,304
	<u>13,664</u>	<u>75,546</u>
Less: allowance for doubtful accounts	(695)	(695)
Net accounts receivable	<u>\$ 12,969</u>	<u>\$ 74,851</u>

4. Deferred revenue

	<u>2020</u>	<u>2019</u>
Golf course	\$ 93,577	\$ 111,459
Clubhouse	44,447	44,600
Rental	14,013	5,083
Campground	4,049	18,437
Other	425	7,375
	<u>\$ 156,511</u>	<u>\$ 186,954</u>

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2020 golf season. Clubhouse deferred revenue relates to deposits received on salon rentals for future periods. Rental deferred revenue relates to deposits received on reservations at the Northbank Lodge and the Courtyard for future periods. Campground deferred revenue relates to deposits received on reservations for the 2020 camping season. Other deferred revenue relates to property lease payments received that relates to the 2020-21 fiscal year.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

5. Obligations under capital leases

The Commission has financed property for golf course operations and general park through capital leases.

	<u>2020</u>	<u>2019</u>
Obligations under capital leases	<u>\$ 25,708</u>	\$ 68,496

Future minimum lease payments under capital leases are:

2021	20,212
2022	<u>5,679</u>
	25,891
Less: interest portion of payments	<u>(183)</u>
	<u>\$ 25,708</u>

The capital leases are secured by equipment having a net book value of \$29,998.

6. Employee future benefits

	<u>2020</u>	<u>2019</u>
Severance benefits	\$ 14,658	\$ 15,528
<u>Provision for accumulating, non-vesting, sick leave</u>	<u>44,409</u>	43,603
	<u>\$ 59,067</u>	<u>\$ 59,131</u>

Severance liability

Employees of the Commission as at March 31, 2018, as represented by the Newfoundland and Labrador Association of Public and Private Employees (NAPE), were entitled to severance pay. No further severance will accrue for employees represented by NAPE after March 31, 2018. Executive, management, and non-management/non-union employees of the Commission as at May 31, 2018 were entitled to severance pay. No further severance will accrue for these employees after May 31, 2018. All employees had the option of receiving their severance entitlement prior to March 31, 2019 or deferring it to a later date.

The severance liability as at March 31, 2020 represents severance owing to employees who deferred receiving their severance entitlement. These employees will receive their severance entitlement when they cease employment with the Commission or transfer to another entity in the public service in which case any remaining severance will be transferred with the employee to the other entity.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

6. Employee future benefits (cont.)

Pension contributions

The employees of the Commission represented by the NAPE and certain management employees are subject to the Public Service Pensions Act, 2019 (the Act). The Pension plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the Act applies.

The plan provides a pension upon retirement based on the age of its members at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2019 - 11.85%). The Commission contributes an amount equal to the employee contributions to the plan. Total pension expense for the Commission for the year ended March 31, 2020 was \$70,164 (2019 - \$74,263).

7. Tangible capital assets

Original cost

	Balance March 31, 2019	Capital assets no longer under lease	Additions	Disposals	Balance March 31, 2020
Park					
Land	\$ 5,418,566	\$ -	\$ -	\$ -	\$ 5,418,566
Furniture and equipment	368,821	-	19,327	-	388,148
Vehicles	95,482	-	-	-	95,482
Equipment under capital leases	23,551	-	-	-	23,551
Buildings	1,221,365	-	680	-	1,222,045
Park improvements	1,828,322	-	18,865	-	1,847,187
Golf course					
Land	1,809,696	-	-	-	1,809,696
Golf course improvements	1,346,311	-	-	-	1,346,311
Buildings	668,591	-	-	-	668,591
Equipment under capital leases	146,971	(97,252)	-	-	49,719
Furniture and equipment	698,490	97,252	4,469	-	800,211
	\$13,626,166	\$ -	\$ 43,341	-	\$13,669,507

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

7. Tangible capital assets (cont.)

Accumulated amortization

	Balance March 31, 2019	Transfer of accumulated amortization of assets no longer under lease	Amortization	Accumulated amortization on disposals	Balance March 31, 2020	Net book value March 31, 2020	Net book value March 31, 2019
Park							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,418,566	\$ 5,418,566
Furniture and equipment	340,043	-	10,879	-	350,922	37,226	28,778
Vehicles	59,126	-	10,504	-	69,630	25,852	36,356
Equipment under capital leases	2,444	-	7,094	-	9,538	14,013	21,107
Buildings	1,117,170	-	10,727	-	1,127,897	94,148	104,195
Park improvements	1,463,761	-	36,443	-	1,500,204	346,983	364,561
Golf course							
Land	-	-	-	-	-	1,809,696	1,809,696
Golf course improvements	1,032,322	-	30,959	-	1,063,281	283,030	313,989
Buildings	474,518	-	19,901	-	494,419	174,172	194,073
Equipment under capital leases	95,780	(77,404)	15,358	-	33,734	15,985	51,191
Furniture and equipment	656,314	77,404	13,280	-	746,998	53,213	42,176
	\$ 5,241,478	\$ -	\$ 155,145	\$ -	\$ 5,396,623	\$ 8,272,884	\$ 8,384,688

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

7. Tangible capital assets (cont.)

(a) Tangible capital assets not included in consolidated financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these consolidated financial statements. The land recorded in these consolidated financial statements represents land purchased directly by the Commission.

Capital improvements made by third parties are not recorded in these consolidated financial statements.

(b) Title to Commission property

Under Section 10(4) of the Pippy Park Commission Act, title to property of the Commission is vested in the name of the Minister of Tourism, Culture, Arts and Recreation for the Crown.

8. Related party transactions

- (a) During the year, the Commission received an operating grant of \$261,000 (2019 - \$459,500) from the Province. Included in the operating grant is \$0 (2019 - \$198,500) related to the settlement of employee severance benefits.
- (b) Services and rental revenue include revenues from the Province in the amount of \$288,126 (2019 - \$259,355) as a result of ongoing contracts.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

9. Segmented information

The Commission reports its revenue and expenses by program area.

	Golf course		Campground		General park		Administration		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues										
Province of Newfoundland and Labrador operating grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 261,000	\$ 459,500	\$ 261,000	\$ 459,500
Golf course (Note 10)	786,553	790,478	-	-	-	-	-	-	786,553	790,478
Campground (Note 11)	-	-	618,305	600,449	-	-	-	-	618,305	600,449
Services	-	-	-	-	307,986	307,612	-	-	307,986	307,612
Rental	-	-	-	-	-	-	119,311	120,436	119,311	120,436
Government of Canada	-	-	61,711	-	-	-	-	-	61,711	-
Miscellaneous	233	197	-	-	-	-	57,846	56,861	58,079	57,058
Interest	3,703	5,006	-	-	-	-	25,541	13,304	29,244	18,310
Advertising	7,599	7,599	-	-	-	-	-	-	7,599	7,599
	798,088	803,280	680,016	600,449	307,986	307,612	463,698	650,101	2,249,788	2,361,442
Expenses										
Advertising and promotion	3,500	4,855	-	-	-	-	142	233	3,642	5,088
Amortization	79,498	96,485	-	-	-	-	75,647	83,217	155,145	179,702
Bank charges	19,600	23,762	-	-	-	-	17,475	19,456	37,075	43,218
Bad debt expense	-	695	-	-	-	-	-	10,000	-	10,695
Building maintenance	33,466	38,172	20,268	11,222	5,593	3,280	33,823	15,600	93,150	68,274
Course maintenance	59,096	46,521	-	-	-	-	-	-	59,096	46,521
Equipment maintenance	38,420	31,518	-	-	32,749	25,820	571	-	71,740	57,338
Fuel	18,658	37,073	-	-	17,367	20,333	-	-	36,025	57,406
Heat, light and telephone	49,237	48,869	40,819	39,955	14,409	15,612	25,297	27,441	129,762	131,877
Honoraria	-	-	-	-	-	-	855	495	855	495
Insurance	29,681	29,033	-	-	-	-	42,590	39,311	72,271	68,344
Interest on capital lease obligations	1,720	3,685	-	-	-	-	-	-	1,720	3,685
Miscellaneous	2,293	3,174	474	329	61,365	57,047	972	1,773	65,104	62,323
Office	6,853	7,040	384	310	-	-	12,344	10,848	19,581	18,198
Professional fees	3,210	3,218	481	842	-	-	6,095	2,025	9,786	6,085
Salaries and employee benefits	481,718	534,317	218,969	191,558	401,367	461,584	429,254	456,824	1,531,308	1,644,283
Supplies	4,542	4,979	10,804	9,982	19,955	14,531	3,883	4,183	39,184	33,675
Training	-	-	-	95	1,720	789	285	143	2,005	1,027
	831,492	913,396	292,199	254,293	554,525	598,996	649,233	671,549	2,327,449	2,438,234
Annual surplus (deficit) before gain on disposal of tangible capital assets	\$(33,404)	\$(110,116)	\$387,817	\$346,156	\$(246,539)	\$(291,384)	\$(185,535)	\$(21,448)	\$(77,661)	\$(76,792)
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	18,716	-	18,716
Annual surplus (deficit)	\$(33,404)	\$(110,116)	\$387,817	\$346,156	\$(246,539)	\$(291,384)	\$(185,535)	\$(2,732)	\$(77,661)	\$(58,076)

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10. Golf course revenue

Course operations

	2020 Budget (Note 15)	2020 Actual	2019 Actual
Green fees	\$ 396,665	\$ 450,985	\$ 484,318
Rentals	276,500	119,757	129,641
	<u>673,165</u>	<u>570,742</u>	<u>613,959</u>
Proshop sales	11,500	8,173	9,433
Less: cost of goods sold	(4,100)	(3,567)	(3,789)
	<u>7,400</u>	<u>4,606</u>	<u>5,644</u>
Course operations	<u>680,565</u>	<u>575,348</u>	<u>619,603</u>
 Clubhouse operations			
Salon rentals	50,495	56,391	42,885
Catering commissions	47,000	44,462	39,921
	<u>97,495</u>	<u>100,853</u>	<u>82,806</u>
Salon sales	166,000	168,239	139,933
Less: cost of goods sold	(57,200)	(57,887)	(51,864)
	<u>108,800</u>	<u>110,352</u>	<u>88,069</u>
Clubhouse operations	<u>206,295</u>	<u>211,205</u>	<u>170,875</u>
	<u>\$ 886,860</u>	<u>\$ 786,553</u>	<u>\$ 790,478</u>

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11. Campground revenue

	2020 Budget (Note 15)	2020 Actual	2019 Actual
Registration fees	\$ 615,000	\$ 592,898	\$ 577,485
Sales	-	46,246	45,803
Less: cost of goods sold	-	(20,839)	(22,839)
	-	25,407	22,964
	\$ 615,000	\$ 618,305	\$ 600,449

12. Contractual obligations

Equipment has been leased by the Commission. In addition, the Commission has entered into an agreement for trail maintenance. Minimum payments over the terms of the agreements are:

2021	\$ 54,000
2022	<u>54,000</u>
	<u>\$108,000</u>

13. Contractual rights

The Commission has entered into agreements for the lease of property. Under the terms of the lease agreements, the Commission will receive rental income as follows:

2021	\$ 94,850
2022	88,725
2023	40,350
2024	<u>23,025</u>
	<u>\$246,950</u>

14. Financial risk management

The Commission recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Commission is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Commission's exposure to these risks or its processes for managing these risks from the prior year.

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14. Financial risk management (cont.)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission's main credit risk relates to cash and accounts receivable. The Commission's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Commission is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. Also, it is not exposed to significant credit risk related to the harmonized sales tax receivable due to its nature. The Commission is exposed to credit risk related to its trade accounts receivable. Any estimated impairment of accounts receivable has been provided for through an allowance as disclosed in Note 3.

Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its financial liabilities and contractual obligations. The Commission's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, its obligations under capital leases as disclosed in Note 5, and its contractual obligations as disclosed in Note 12. The Commission manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities. The Golf Course has an authorized line of credit totaling \$5,000, which is unused as at March 31, 2020.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Commission is not exposed to significant foreign exchange or other price risk. The Commission is not exposed to interest rate risk on the obligations under capital leases as the interest rates are fixed to maturity.

15. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from estimates approved by the Board of Directors of the Commission.

16. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Commission. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Commission's objectives.

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17. Impact of the COVID-19 pandemic on results and operations

The COVID-19 pandemic declared March 11, 2020 has resulted in an economic slowdown worldwide. The financial impact to the Commission in the 2020 fiscal year was minimal, but due to the unpredictable duration of restrictions placed on operations, it is difficult to ascertain the future impact on the financial statements and operations.