C.A. PIPPY PARK GOLF COURSE LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2016

Management's Report

Management's Responsibility for the C.A. Pippy Park Golf Course Limited Financial Statements

The 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 financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the 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 financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Corporation 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 Golf Course Limited.

On behalf of the C.A. Pippy Park Golf Course Limited.

Mr. Ric Mercer
Executive Director

AUDITOR
GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the C.A. Pippy Park Golf Course Limited which comprise the statement of financial position as at March 31, 2016, the statements of operations, change in net financial (debt) assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the C.A. Pippy Park Golf Course Limited as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

TERRY PADDON, CPA, CA
Auditor General

August 1, 2016
St. John's, Newfoundland and Labrador

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF FINANCIAL POSITION

As at March 31		2016		2015
FINANCIAL ASSETS				
Cash	$	309,639	$	270,528
Accounts receivable (Note 3)		12,140		12,169
Inventories held for resale		14,213		14,217
		335,992		296,914
LIABILITIES				
Accounts payable and accrued liabilities (Note 4)		58,688		68,993
Deferred revenue (Note 5)		111,090		95,867
Obligations under capital leases (Note 6)		110,468		64,042
Employee future benefits (Note 7)		56,303		53,725
		336,549		282,627
Net financial (debt) assets		(557)		14,287
NON-FINANCIAL ASSETS				
Prepaid expenses		3,058		3,140
Inventories held for use		-		1,500
Tangible capital assets (Note 8)		201,105		143,957
		204,163		148,597
Accumulated surplus	$	203,606	$	162,884

Contractual obligations (Note 12)

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

Signed on behalf of the Board of Directors: Chairperson Member

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2016 Budget (Note 14)	2016 Actual	2015 Actual
REVENUE			
Golf course (Note 9)	$ 859,000	$ 777,825	$ 803,658
Clubhouse (Note 10)	210,500	209,285	195,771
Driving Range	50,000	47,286	43,087
Advertising	11,500	11,487	11,487
Miscellaneous	2,000	8,688	6,065
Interest	1,000	895	1,619
	1,134,000	1,055,466	1,061,687
EXPENSES			
Advertising and promotion	3,000	2,732	1,747
Amortization	57,000	57,293	55,671
Bank charges	22,500	21,865	22,126
Building maintenance	64,000	51,953	63,779
Course maintenance	60,000	51,143	56,819
Driving range	9,500	8,764	9,643
Equipment maintenance	36,264	37,058	38,562
Fuel	37,000	31,893	35,844
Heat, light and telephone	55,500	49,088	55,483
Insurance	26,000	24,057	25,258
Interest on capital lease obligations	5,500	5,388	5,908
Miscellaneous	4,000	3,393	4,351
Office	6,800	7,762	7,021
Professional fees	6,000	3,250	2,510
Salaries and employee benefits	680,000	654,022	641,603
Supplies	8,000	5,083	8,431
	1,081,064	1,014,744	1,034,756
Annual surplus	52,936	40,722	26,931
Accumulated surplus, beginning of year	162,884	162,884	135,953
Accumulated surplus, end of year	$ 215,820	$ 203,606	$ 162,884

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

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF CHANGE IN NET FINANCIAL (DEBT) ASSETS
For the Year Ended March 31

	2016 Budget (Note 14)	2016 Actual	2015 Actual
Annual surplus	$ 52,936	$ 40,722	$ 26,931
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(114,441)	(5,440)
Amortization of tangible capital assets	(57,000)	57,293	55,671
	(57,000)	(57,148)	50,231
Changes in other non-financial assets			
Use of prepaid expenses	-	3,140	2,250
Acquisition of prepaid expenses	-	(3,058)	(3,140)
Net use (acquisition) of inventories held for use	-	1,500	(100)
	-	1,582	(990)
(Decrease in net financial assets)/ increase in net financial assets/ and decrease in net debt	(4,064)	(14,844)	76,172
Net financial assets (debt), beginning of year	14,287	14,287	(61,885)
Net financial (debt) assets, end of year	$ 10,223	$ (557)	$ 14,287

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

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF CASH FLOWS

For the Year Ended March 31	2016	2015
Cash flows from operating activities		
Annual surplus	$ 40,722	$ 26,931
Adjustment for non-cash items		
Amortization	57,293	55,671
	98,015	82,602
Changes in non-cash operating items		
Accounts receivable	29	12,870
Inventories held for resale	4	3,561
Prepaid expenses	82	(890)
Accounts payable and accrued liabilities	(10,305)	(10,800)
Deferred revenue	15,223	14,121
Employee future benefits	2,578	2,587
Inventories held for use	1,500	(100)
Cash provided from operating transactions	107,126	103,951
Capital transactions		
Acquisition of tangible capital assets	(114,441)	(5,440)
Cash applied to capital transactions	(114,441)	(5,440)
Financing transactions		
Acquisition of capital leases	97,252	-
Repayment of obligations under capital leases	(50,826)	(43,783)
Cash provided from (applied to) financial transactions	46,426	(43,783)
Increase in cash	39,111	54,728
Cash, beginning of year	270,528	215,800
Cash, end of year	$ 309,639	$ 270,528

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

1. Nature of operations

The C.A. Pippy Park Golf Course Limited (the Corporation) was incorporated on January 6, 2006 under the *Corporations Act*. It is a wholly owned subsidiary of the C.A. Pippy Park Commission (the Commission), incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act*. The purpose of the Corporation is to manage the Pippy Park Golf Course on behalf of the Commission. The Pippy Park Golf Course is comprised of the 9 hole Captain's Hill Course, the 18 hole Admiral's Green Course, the Admiral's Green Clubhouse and the Driving Range. The Corporation has authorized share capital of 100 common shares of no par value and has issued one common share which is held by the C.A. Pippy Park Commission.

The Corporation is a wholly owned subsidiary of 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 Corporation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board. The Corporation does not prepare a statement of remeasurement gains and losses, as the Corporation does not enter into relevant transactions or circumstances that are being addressed by the statement. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, accounts payable and accrued liabilities and obligations under capital leases. The Corporation 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.

The Corporation 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 statement of operations.

2. Summary of significant accounting policies (cont.)

(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.

Obligations under capital leases 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:

Golf course improvements	10%
Building improvements	10%
Course maintenance equipment	30%
Golf carts	30%
Equipment	30%
Office equipment	30%
Proshop rental equipment	30%
Golf carts under capital lease	30%
Course maintenance equipment under capital lease	30%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation'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 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 course supplies and are recorded at the lower of historical cost and replacement cost.

2. Summary of significant accounting policies (cont.)

(g) Prepaid expenses

Prepaid expenses are charged to the expense over the periods expected to benefit from the prepayment.

(h) Employee future benefits

(i) The employees of the Corporation, represented by the Newfoundland and Labrador Association of Public and Private Employees (NAPE), are entitled to severance pay. Severance pay for entitled employees is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service and, accordingly, a liability has been recorded for these employees. All employees entitled to severance pay have had the severance pay entitlement vested. The amount is payable when the employee ceases employment with the Corporation unless the employee transfers to another entity in the public service in which case the liability is transferred with the employee to the other entity.

(ii) The employees of the Corporation are subject to the *Public Services Pensions Act, 1991*. Employee contributions are matched by the Corporation and remitted to the Public Service Pension Plan Corporation from which pensions will be paid to employees when they retire. This 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 Corporation are recorded as an expense for the year.

(iii) The Corporation provides accumulating, non-vesting sick leave benefits to its employees. The Corporation has made a provision in the accounts for the payment of accumulating non-vesting sick leave benefits for employees which is based upon the Corporation'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 Corporation.

2. Summary of significant accounting policies (cont.)

(i) Revenues

Revenues are recognized in the period in which the transactions or events occurred that give 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.

(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 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 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 financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Accounts receivable

	2016	2015
Trade	$ 12,390	$ 9,641
Harmonized sales tax	1,475	4,253
	13,865	13,894
Less: provision for doubtful accounts	(1,725)	(1,725)
	$ 12,140	$ 12,169

4. Accounts payable and accrued liabilities

	2016	2015
Due to C.A. Pippy Park Commission	$ 696	$ 33,708
Trade payables and accrued liabilities	57,992	35,285
	$ 58,688	$ 68,993

5. Deferred revenue

	2016	2015
Golf course	$ 81,573	$ 80,183
Clubhouse	29,517	15,684
	$ 111,090	$ 95,867

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2016 golf season. Clubhouse deferred revenue relates to deposits received on Salon rentals for future periods.

6. Obligations under capital leases

The Corporation has acquired equipment for golf course and clubhouse operations through capital leases.

	2016	2015
Obligations under capital leases	$ 110,468	$ 64,042

Future minimum lease payments under capital leases are:

2017	$ 41,451
2018	37,818
2019	25,804
2020	21,361
	126,434
Less: interest portion of payments	(15,966)
	$ 110,468

The capital leases are secured by equipment having a net book value of $104,257.

7. Employee future benefits

	2016	2015
Vested severance benefits	$ 37,443	$ 36,025
Provision for accumulating, non-vesting, sick leave	18,860	17,700
	$ 56,303	$ 53,725

Pension contributions

The Corporation and its employees that are represented by NAPE contribute to the Public Service Pension Plan (the Plan) in accordance with the *Public Service Pension Act, 1991* (the *Act*). The Plan is administered by the Public Service Pension Plan Corporation, 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% (2015 - 11.85%). The Corporation contributes an amount equal to the employee contributions to the Plan. Total pension expense for the Corporation for the year ended March 31, 2016 was $7,867 (2015 - $5,907).

8. Tangible capital assets

Original cost

	Balance March 31, 2015	Capital Assets no longer under lease	Additions	Disposals	Balance March 31, 2016
Golf course improvements	$ 8,784	$ -	$ -	$ -	$ 8,784
Building improvements	18,000	-	-	-	18,000
Course maintenance equipment	171,206	86,600	8,000	-	265,806
Golf carts	177,009	43,020	-	-	220,029
Equipment	17,725	-	3,610	-	21,335
Office equipment	35,786	-	671	-	36,457
Proshop rental equipment	20,444	-	4,908	-	25,352
Golf carts under capital lease	87,723	(43,020)	56,502	-	101,205
Course maintenance equipment under capital lease	96,800	(86,600)	40,750	-	50,950
	$ 633,477	$ -	$ 114,441	$ -	$ 747,918

8. Tangible capital assets (cont.)

Accumulated amortization

	Balance March 31, 2015	Transfer of accumulated amortization of asset no longer under lease	Amortization	Accumulated amortization on disposals	Balance March 31, 2016	Net book value March 31, 2016	Net book value March 31, 2015
Golf course improvements	$ 4,753	$ -	$ 403	$ -	$ 5,156	**$ 3,628**	$ 4,031
Building improvements	6,725	-	1,128	-	7,853	**10,147**	11,275
Course maintenance equipment	138,323	61,352	18,639	-	218,314	**47,492**	32,883
Golf carts	164,181	30,478	7,611	-	202,270	**17,759**	12,828
Equipment	15,294	-	1,271	-	16,565	**4,770**	2,431
Office equipment	27,079	-	2,713	-	29,792	**6,665**	8,707
Propshop rental equipment	17,279	-	1,686	-	18,965	**6,387**	3,165
Golf carts under capital lease	48,582	(30,478)	16,455	-	34,559	**66,656**	39,141
Course maintenance equipment under capital lease	67,304	(61,352)	7,387	-	13,339	**37,611**	29,496
	$ 489,520	$ -	$ 57,293	$ -	$ 546,813	**$ 201,105**	$ 143,957

9. Golf course revenue

	2016 Budget (Note 14)	**2016 Actual**	2015 Actual
Green fees	**$ 678,500**	**$ 612,345**	$ 628,381
Rentals	**174,500**	**158,476**	169,261
	853,000	**770,821**	797,642
Proshop sales	**10,000**	**12,133**	10,032
Less: cost of goods sold	**(4,000)**	**(5,129)**	(4,016)
	6,000	**7,004**	6,016
	$ 859,000	**$ 777,825**	$ 803,658

10. Clubhouse revenue

	2016 Budget (Note 14)	2016 Actual	2015 Actual
Salon rentals	$ 45,500	$ 46,486	$ 42,520
Catering commissions	52,000	49,580	45,896
	97,500	96,066	88,416
Salon sales	195,000	182,495	181,562
Less: cost of goods sold	(82,000)	(69,276)	(74,207)
	113,000	113,219	107,355
	$ 210,500	$ 209,285	$ 195,771

11. Related party transactions

Administrative and other services for the Corporation are provided by the Commission at a cost of $70,762 (2015 - $72,500).

The land, buildings and certain other equipment used by the Corporation are owned by the Commission and, for 2016, use was provided at no cost.

12. Contractual obligations

Equipment has been leased by the Corporation for the purpose of maintaining the golf course. Minimum lease payments over the remaining terms of the lease are as follows:

2017	$ 6,264

13. Financial risk management

The Corporation 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 Corporation is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Corporation's exposure to these risks or its processes for managing these risks from the prior year.

13. 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 Corporation's main credit risk relates to cash and accounts receivable. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation 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 Corporation is exposed to credit risk related to its trade accounts receivable. Any estimated impairment of accounts receivable has been provided for through an allowance.

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations and financial liabilities. The Corporation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, its obligations under capital leases as disclosed in Note 6, and its contractual obligations as disclosed in Note 12. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

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 Corporation is not exposed to significant foreign exchange or other price risk. In addition, the Corporation is not exposed to interest rate risk on the obligations under capital leases as the interest rates are fixed to maturity.

14. Budgeted figures

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

15. 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 Corporation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Corporation's objectives.