

C.A. PIPPY PARK COMMISSION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

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



**AUDITOR
GENERAL**
of 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

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the C.A. Pippy Park Commission which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statements of operations, change in net financial 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the C.A. Pippy Park Commission as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read 'T. Paddon', with a long horizontal flourish extending to the right.

TERRY PADDON, CPA, CA
Auditor General

August 1, 2017
St. John's, Newfoundland and Labrador

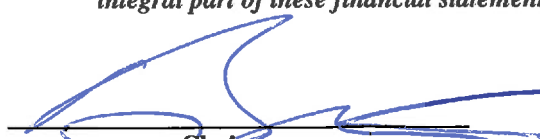

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 1,458,103	\$ 1,238,950
Accounts receivable (Note 4)	17,091	20,467
Inventories held for resale	10,791	14,758
	1,485,985	1,274,175
LIABILITIES		
Accounts payable and accrued liabilities	104,006	141,894
Deferred revenue (Note 5)	206,559	139,556
Obligations under capital leases (Note 6)	114,911	123,773
Employee future benefits (Note 7)	253,752	281,046
Advance from Province of Newfoundland and Labrador (Note 8)	250,000	250,000
	929,228	936,269
Net financial assets	556,757	337,906
NON-FINANCIAL ASSETS		
Prepaid expenses	22,767	19,164
Inventories held for use	15,716	15,353
Tangible capital assets (Note 9)	8,673,887	8,809,674
	8,712,370	8,844,191
Accumulated surplus	\$ 9,269,127	\$ 9,182,097

Contractual obligations (Note 14)

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

Signed on behalf of the Board:

Chairperson

Member

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

	2017 Budget	2017 Actual	2016 Actual
	(Note 16)		
REVENUES (Note 11)			
Province of Newfoundland and Labrador			
Operating grant	\$ 464,300	\$ 464,300	\$ 606,600
Golf course (Note 12)	1,035,400	972,551	987,110
Campground (Note 13)	636,660	609,029	633,057
Services	302,000	308,617	300,077
Rental	54,000	55,057	54,468
Driving range	48,000	40,700	47,286
Miscellaneous	50,333	69,153	59,439
Advertising	11,500	7,637	11,487
Interest	6,000	8,578	8,022
	2,608,193	2,535,622	2,707,546
EXPENSES (Note 11)			
Golf course	1,043,064	1,003,431	938,720
Campground	291,725	277,581	278,886
General park	634,450	632,744	633,949
Administration and other	634,450	605,636	751,160
	2,603,689	2,519,392	2,602,715
Annual surplus before gain on disposal of tangible capital assets	4,504	16,230	104,831
Gain on disposal of tangible capital assets (Note 9)	-	70,800	-
Annual surplus	4,504	87,030	104,831
Accumulated surplus, beginning of year	9,182,097	9,182,097	9,077,266
Accumulated surplus, end of year	\$ 9,186,601	\$ 9,269,127	\$ 9,182,097

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

	2017 Budget	2017 Actual	2016 Actual
	(Note 16)		
<u>Annual surplus</u>	\$ 4,504	\$ 87,030	\$ 104,831
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(84,069)	(133,241)
Net book value of tangible capital asset disposals	-	5,431	3,304
<u>Amortization of tangible capital assets</u>	<u>200,000</u>	<u>214,425</u>	<u>226,056</u>
	<u>200,000</u>	<u>135,787</u>	<u>96,119</u>
Changes in other non-financial assets			
Use of prepaid expenses	-	19,164	23,059
Acquisition of prepaid expenses	-	(22,767)	(19,164)
Net (acquisition) consumption of inventories held for use	-	(363)	735
	-	(3,966)	4,630
Increase in net financial assets	204,504	218,851	205,580
<u>Net financial assets, beginning of year</u>	<u>337,906</u>	<u>337,906</u>	<u>132,326</u>
<u>Net financial assets, end of year</u>	<u>\$ 542,410</u>	<u>\$ 556,757</u>	<u>\$ 337,906</u>

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

2017

2016

Cash flows from operating activities

Annual surplus	\$ 87,030	\$ 104,831
Adjustment for non-cash items		
Amortization	214,425	226,056
(Gain) loss on disposal of tangible capital assets	(70,800)	3,304
	230,655	334,191
Changes in non-cash working capital		
Accounts receivable	3,376	(3,007)
Inventories held for resale	3,967	466
Prepaid expenses	(3,603)	3,895
Inventories held for use	(363)	735
Accounts payable and accrued liabilities	(37,888)	35,994
Deferred revenue	67,003	16,172
Employee future benefits	(27,294)	22,956
Cash provided from operating transactions	235,853	411,402
Capital transactions		
Acquisition of tangible capital assets	(84,069)	(133,241)
Proceeds from disposal of tangible capital assets (Note 9)	76,231	-
Cash applied to capital transactions	(7,838)	(133,241)
Financing transactions		
Increase in capital lease obligations	37,795	97,252
Repayment of capital lease obligations	(46,657)	(60,804)
Cash (applied to) provided from financial transactions	(8,862)	36,448
Net increase in cash	219,153	314,609
Cash, beginning of year	1,238,950	924,341
Cash, end of year	\$ 1,458,103	\$ 1,238,950

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

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

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, obligations under capital leases, and the advance from the Province of Newfoundland and Labrador. 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, 2017

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 and the advance from the Province of Newfoundland and Labrador. Obligations under capital leases are measured at amortized cost.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, obligations under capital leases, and the advance from the Province of Newfoundland and Labrador 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 Park use, cost is allocated between land and buildings.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

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 represented by the Newfoundland and Labrador Association of Public and Private Employees (NAPE) and certain management employees 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. For employees with less than nine years of continuous service, the Commission has made a provision in the accounts for the payment of severance which is based upon the Commission's best estimate of the probability of having to pay severance to the employees and current salary levels. Severance is payable when the employee ceases employment with the Commission 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.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

2. Summary of significant accounting policies (cont.)

(h) Employee future benefits (cont.)

- (ii) The employees of the Commission are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Commission and remitted to Provident¹⁰ 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 Commission are recorded as an expense for the year.

- (iii) 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.

(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.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

2. Summary of significant accounting policies (cont.)

(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.

3. Accounting pronouncements

There are several new standards issued by the PSAB that are not yet effective and have not been applied in these consolidated financial statements. These standards and corresponding effective dates are as follows:

Effective April 1, 2017:

PS 2200 Related Party Disclosures – a new standard defining related parties and establishing disclosure requirements for related party transactions.

PS 3210 Assets – a new standard providing guidance for applying the definition of assets and establishing general disclosure requirements for assets but does not provide guidance for the recognition and disclosure of specific types of assets.

PS 3320 Contingent Assets – a new standard defining and establishing disclosure requirements for contingent assets but does not include disclosure standards for specific types of contingent assets.

PS 3380 Contractual Rights – a new standard defining and establishing disclosure requirements for contractual rights but does not include disclosure standards for specific types of contractual rights.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

3. Accounting pronouncements (cont.)

PS 3420 Inter-entity Transactions – a new standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Effective April 1, 2018:

PS 3430 Restructuring Transactions – a new standard on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities.

The Commission plans to adopt these standards by the effective dates and is currently analyzing the impact these standards will have on the consolidated financial statements.

4. Accounts receivable

	<u>2017</u>	<u>2016</u>
Trade	\$ 20,757	\$ 22,116
Harmonized sales tax	2,042	4,059
	<u>22,799</u>	<u>26,175</u>
Less: allowance for doubtful accounts	(5,708)	(5,708)
Net accounts receivable	<u>\$ 17,091</u>	<u>\$ 20,467</u>

5. Deferred revenue

	<u>2017</u>	<u>2016</u>
Golf course	\$ 145,819	\$ 81,573
Clubhouse	26,552	29,517
Rental	8,556	18,570
Campground	14,090	9,896
Other	11,542	-
	<u>\$ 206,559</u>	<u>\$ 139,556</u>

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

5. Deferred revenue (cont.)

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2017 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 2017 camping season. Other deferred revenue relates to property lease payments received that relates to the 2017-18 fiscal year.

6. Obligations under capital leases

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

	<u>2017</u>	<u>2016</u>
Obligations under capital leases	<u>\$ 114,911</u>	\$ 123,773

Future minimum lease payments under capital leases are:

2018	\$ 47,324
2019	33,606
2020	29,582
2021	<u>9,369</u>
	119,881
Less: interest portion of payments	<u>(4,970)</u>
	<u>\$ 114,911</u>

The capital leases are secured by equipment having a net book value of \$116,742.

7. Employee future benefits

	<u>2017</u>	<u>2016</u>
Vested severance benefits	<u>\$ 188,245</u>	\$ 170,578
Non-vested severance benefits	27,241	38,165
Provision for accumulating, non-vesting, sick leave	<u>38,266</u>	72,303
	<u>\$ 253,752</u>	\$ 281,046

Pension contributions

The employees of the Commission represented by the NAPE and certain management employees are subject to the *Public Service Pensions Act, 1991* (the *Act*). The Plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the *Act* applies.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

7. Employee future benefits (cont.)

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% (2016 - 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, 2017, was \$77,383 (2016 - \$78,076).

8. Advance from Province of Newfoundland and Labrador

On March 30, 2001, the Commission received a repayable advance in the amount of \$250,000 from the Province of Newfoundland and Labrador. The Commission and the Province of Newfoundland and Labrador are currently in discussions regarding its repayment terms. The advance payable remained outstanding at year end.

9. Tangible capital assets

Original cost

	Balance March 31, 2016	Additions	Disposals	Balance March 31, 2017
Park				
Land	\$ 5,429,850	\$ -	\$ -	\$ 5,429,850
Furniture and equipment	332,183	12,511	(27,337)	317,357
Vehicles	38,355	-	-	38,355
Equipment under capital lease	39,914	-	-	39,914
Buildings	1,539,908	-	(115,000)	1,424,908
Park improvements	1,793,108	27,714	-	1,820,822
Golf course				
Land	1,809,696	-	-	1,809,696
Golf course improvements	1,346,311	-	-	1,346,311
Buildings	681,591	-	-	681,591
Equipment under capital lease	152,154	37,795	-	189,949
Furniture and equipment	631,645	6,049	-	637,694
	\$ 13,794,715	\$ 84,069	\$ (142,337)	\$ 13,736,447

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

9. Tangible capital assets (cont.)

Accumulated amortization

	Balance March 31, 2016	Amortization	Accumulated amortization on disposals	Balance March 31, 2017	Net book value March 31, 2017	Net book value March 31, 2016
Park						
Land	\$ -	\$ -	\$ -	\$ -	\$ 5,429,850	\$ 5,429,850
Furniture and equipment	299,333	11,761	(27,337)	283,757	33,600	32,850
Vehicles	30,405	2,523	-	32,928	5,427	7,950
Equipment under capital leases	23,290	4,987	-	28,277	11,637	16,624
Buildings	1,380,201	15,644	(109,569)	1,286,276	138,632	159,707
Park improvements	1,333,295	45,968	-	1,379,263	441,559	459,813
Golf course					1,809,696	1,809,696
Land	-	-	-	-		
Golf course improvements	914,930	43,138	-	958,068	388,243	431,381
Buildings	408,003	27,377	-	435,380	246,211	273,588
Equipment under capital leases	47,898	36,946	-	84,844	105,105	104,256
Furniture and equipment	547,686	26,081	-	573,767	63,927	83,959
	\$ 4,985,041	\$ 214,425	\$ (136,906)	\$ 5,062,560	\$ 8,673,887	\$ 8,809,674

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

9. 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, Industry and Innovation, for the Crown.

(c) Assets not yet in service

Equipment with a net book value of \$27,714 was not amortized as it is not yet in service.

(d) Loss of assets due to fire

On December 3, 2016, a fire destroyed a building belonging to the Commission, with a net book value of \$5,431, as well as various equipment that was fully depreciated. The Commission made a claim through its insurance, and received \$76,231 for the destroyed building and equipment, which was based on its insured value. This resulted in a gain on disposal of \$70,800.

10. Related party transactions

- (a) During the year, the Commission received an operating grant of \$464,300 (2016 - \$606,600) from the Province.
- (b) Services and rental revenue include revenues from the Province in the amount of \$254,787 (2016 - \$327,621) as a result of ongoing contracts.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017

11. Segmented information

The Commission reports its revenue and expenses by program area.

	Golf course		Campground		General park		Administration		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues										
Province of Newfoundland and Labrador operating grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,300	\$ 606,600	\$ 464,300	\$ 606,600
Golf course (Note 12)	972,551	987,110	-	-	-	-	-	-	972,551	987,110
Campground (Note 13)	-	-	609,029	633,057	-	-	-	-	609,029	633,057
Services	-	-	-	-	308,617	300,077	-	-	308,617	300,077
Rental	-	-	-	-	-	-	55,057	54,468	55,057	54,468
Driving range	40,700	47,286	-	-	-	-	-	-	40,700	47,286
Miscellaneous	8,621	8,688	-	-	-	-	60,532	50,751	69,153	59,439
Advertising	7,637	11,487	-	-	-	-	-	-	7,637	11,487
Interest	1,235	895	-	-	-	-	7,343	7,127	8,578	8,022
	1,030,744	1,055,466	609,029	633,057	308,617	300,077	587,232	718,946	2,535,622	2,707,546
Expenses										
Advertising and promotion	1,150	2,732	537	1,821	-	-	178	1,797	1,865	6,350
Amortization	133,542	57,293	-	-	-	-	80,883	168,763	214,425	226,056
Bank charges	26,205	21,865	-	-	-	-	18,510	17,692	44,715	39,557
Building maintenance	46,469	51,953	17,015	9,133	5,159	8,473	20,561	39,303	89,204	108,862
Course maintenance	51,702	51,143	-	-	-	-	-	-	51,702	51,143
Driving range	3,938	3,752	-	-	-	-	-	-	3,938	3,752
Equipment maintenance	43,469	37,058	-	-	56,525	38,103	-	-	99,994	75,161
Fuel	30,934	31,893	-	-	29,513	27,415	-	-	60,447	59,308
Heat, light and telephone	46,522	49,088	40,126	42,215	14,657	12,962	26,346	28,356	127,651	132,621
Honoraria	-	-	-	-	-	-	420	280	420	280
Insurance	24,953	24,057	-	-	-	-	41,681	39,748	66,634	63,805
Interest on capital lease obligations	6,943	5,388	-	-	-	-	78	78	7,021	5,466
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	3,304	-	3,304
Miscellaneous	4,437	3,143	211	813	3,878	2,400	532	1,766	9,058	8,122
Office	8,776	7,762	495	600	-	-	9,352	9,811	18,623	18,173
Professional fees	3,119	3,250	1,020	1,200	-	-	4,860	6,371	8,999	10,821
Salaries and employee benefits	565,891	583,260	211,684	214,812	501,785	525,209	397,947	429,005	1,677,307	1,752,286
Supplies	5,381	5,083	6,493	8,234	21,227	18,706	4,090	4,828	37,191	36,851
Training	-	-	-	58	-	681	198	58	198	797
	1,003,431	938,720	277,581	278,886	632,744	633,949	605,636	751,160	2,519,392	2,602,715
Annual surplus (deficit) before gain on disposal of tangible capital assets	\$ 27,313	\$ 116,746	\$ 331,448	\$ 354,171	\$ (324,127)	\$ (333,872)	\$ (18,404)	\$ (32,214)	\$ 16,230	\$ 104,831
Gain on disposal of tangible capital assets (Note 9)	-	-	-	-	-	-	70,800	-	70,800	-
Annual surplus (deficit)	\$ 27,313	\$ 116,746	\$ 331,448	\$ 354,171	\$ (324,127)	\$ (333,872)	\$ 52,396	\$ (32,214)	\$ 87,030	\$ 104,831

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12. Golf course revenue

Course operations

	2017 Budget (Note 16)	2017 Actual	2016 Actual
Green fees	\$ 645,000	\$ 624,806	\$ 612,345
Rentals	170,000	165,211	158,476
	815,000	790,017	770,821
Proshop sales	15,000	10,700	12,133
Less: cost of goods sold	(6,800)	(4,114)	(5,129)
	8,200	6,586	7,004
Course operations	823,200	796,603	777,825
Clubhouse operations			
Salon rentals	48,200	34,550	46,486
Catering commissions	50,000	42,180	49,580
	98,200	76,730	96,066
Salon sales	186,000	158,394	182,495
Less: cost of goods sold	(72,000)	(59,176)	(69,276)
	114,000	99,218	113,219
Clubhouse operations	212,200	175,948	209,285
	\$ 1,035,400	\$ 972,551	\$ 987,110

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13. Campground revenue

	2017 <u>Budget</u> (Note 16)	2017 <u>Actual</u>	2016 <u>Actual</u>
<u>Registration fees</u>	\$ 636,660	\$ 586,961	\$ 612,012
Sales	-	47,544	47,201
<u>Less: cost of goods sold</u>	-	<u>(25,476)</u>	<u>(26,156)</u>
	-	22,068	21,045
	\$ 636,660	\$ 609,029	\$ 633,057

14. Contractual obligations

Equipment has been leased by the Commission. Minimum lease payments over the remaining term of the leases are as follows:

2018	\$ 1,244
2019	<u>311</u>
	<u>\$ 1,555</u>

15. 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.

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 4.

15. Financial risk management (cont.)

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 6, the advance from the Province of Newfoundland and Labrador, and its contractual obligations as disclosed in Note 14. 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, 2017.

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. In addition, the Commission is not exposed to interest rate risk related to the advance from the Province of Newfoundland and Labrador as this financial instrument is non-interest bearing.

16. 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.

17. 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.

18. Comparative figures

Certain comparative figures have been restated to conform to the current year's presentation.