

**C.A. PIPPY PARK GOLF COURSE LIMITED**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

## **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

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**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, 2017, the statements of operations, change in net financial assets (debt), 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, 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', followed by a horizontal line extending to the right.

**TERRY PADDON, CPA, CA**  
**Auditor General**

June 30, 2017  
St. John's, Newfoundland and Labrador

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

As at March 31

2017

2016

**FINANCIAL ASSETS**

Cash	\$ 370,167	\$ 309,639
Accounts receivable (Note 4)	13,054	12,140
Inventories held for resale	10,567	14,213
	<b>393,788</b>	<b>335,992</b>

**LIABILITIES**

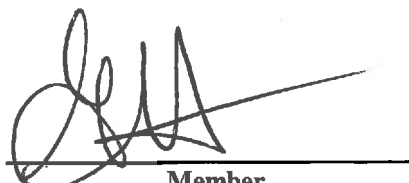
Accounts payable and accrued liabilities (Note 5)	22,989	58,688
Deferred revenue (Note 6)	172,371	111,090
Obligations under capital leases (Note 7)	111,585	110,468
Employee future benefits (Note 8)	49,895	56,303
	<b>356,840</b>	<b>336,549</b>
<b>Net financial assets (debt)</b>	<b>36,948</b>	<b>(557)</b>

**NON-FINANCIAL ASSETS**

Prepaid expenses	3,009	3,058
Inventories held for use	1,400	-
Tangible capital assets (Note 9)	803,486	201,105
	<b>807,895</b>	<b>204,163</b>
<b>Accumulated surplus</b>	<b>\$ 844,843</b>	<b>\$ 203,606</b>

*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**

	2017 Budget	2017 Actual	2016 Actual
(Note 15)			
<b>REVENUE</b>			
Golf course (Note 11)	\$ 823,200	\$ 796,603	\$ 777,825
Clubhouse (Note 12)	212,200	175,948	209,285
Driving Range	48,000	40,700	47,286
Advertising	11,500	7,637	11,487
Miscellaneous	500	8,621	8,688
Interest	500	1,235	895
	<b>1,095,900</b>	<b>1,030,744</b>	<b>1,055,466</b>
<b>EXPENSES</b>			
Advertising and promotion	2,500	1,150	2,732
Amortization	130,000	133,542	57,293
Bank charges	22,000	26,205	21,865
Building maintenance	60,000	46,469	51,953
Course maintenance	60,000	51,702	51,143
Driving range	8,800	8,938	8,764
Equipment maintenance	36,264	43,469	37,058
Fuel	35,000	30,934	31,893
Heat, light and telephone	51,400	46,522	49,088
Insurance	25,000	24,953	24,057
Interest on capital lease obligations	5,500	6,943	5,388
Miscellaneous	4,500	4,437	3,393
Office	7,000	8,776	7,762
Professional fees	2,500	3,119	3,250
Salaries and employee benefits	665,000	639,046	654,022
Supplies	5,600	5,381	5,083
	<b>1,121,064</b>	<b>1,081,586</b>	<b>1,014,744</b>
<b>Annual (deficit) surplus before the transfer of assets from C.A. Pippy Park Commission</b>	<b>(25,164)</b>	<b>(50,842)</b>	<b>40,722</b>
<b>Transfer of assets from C.A. Pippy Park Commission (Note 10)</b>	<b>-</b>	<b>692,079</b>	<b>-</b>
<b>Annual surplus (deficit)</b>	<b>(25,164)</b>	<b>641,237</b>	<b>40,722</b>
<b>Accumulated surplus, beginning of year</b>	<b>203,606</b>	<b>203,606</b>	<b>162,884</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 178,442</b>	<b>\$ 844,843</b>	<b>\$ 203,606</b>

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

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

	2017 Budget	2017 Actual	2016 Actual
	(Note 15)		
Annual surplus (deficit)	\$ (25,164)	\$ 641,237	\$ 40,722
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	-	(43,844)	(114,441)
Transfer of assets from C.A. Pippy Park Commission (Note 10)	-	(692,079)	-
Amortization of tangible capital assets	130,000	133,542	57,293
	130,000	(602,381)	(57,148)
<b>Changes in other non-financial assets</b>			
Use of prepaid expenses	-	3,058	3,140
Acquisition of prepaid expenses	-	(3,009)	(3,058)
Net (acquisition) use of inventories held for use	-	(1,400)	1,500
	-	(1,351)	1,582
<b>Increase in net financial assets and decrease in net debt/(decrease in net financial assets)</b>	<b>104,836</b>	<b>37,505</b>	<b>(14,844)</b>
<b>Net financial (debt) assets, beginning of year</b>	<b>(557)</b>	<b>(557)</b>	<b>14,287</b>
<b>Net financial assets (debt), end of year</b>	<b>\$ 104,279</b>	<b>\$ 36,948</b>	<b>\$ (557)</b>

*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

2017

2016

**Cash flows from operating activities**

Annual surplus	\$ 641,237	\$ 40,722
Adjustment for non-cash items		
Amortization	133,542	57,293
	774,779	98,015
Changes in non-cash operating items		
Accounts receivable	(914)	29
Inventories held for resale	3,646	4
Inventories held for use	(1,400)	1,500
Prepaid expenses	49	82
Accounts payable and accrued liabilities	(35,699)	(10,305)
Deferred revenue	61,281	15,223
Employee future benefits	(6,408)	2,578
<b>Cash provided from operating transactions</b>	<b>795,334</b>	<b>107,126</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(43,844)	(114,441)
Transfer of assets from C.A. Pippy Park Commission (Note 10)	(692,079)	-
<b>Cash applied to capital transactions</b>	<b>(735,923)</b>	<b>(114,441)</b>
<b>Financing transactions</b>		
Acquisition of capital leases	37,795	97,252
Repayment of obligations under capital leases	(36,678)	(50,826)
<b>Cash provided from financial transactions</b>	<b>1,117</b>	<b>46,426</b>
<b>Increase in cash</b>	<b>60,528</b>	<b>39,111</b>
<b>Cash, beginning of year</b>	<b>309,639</b>	<b>270,528</b>
<b>Cash, end of year</b>	<b>\$ 370,167</b>	<b>\$ 309,639</b>

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



# C.A. PIPPY PARK GOLF COURSE LIMITED

## NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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### 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 (PSAB). 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.

**C.A. PIPPY PARK GOLF COURSE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2017**

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**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. Transfers of tangible capital assets from related parties for nominal or no consideration are recorded at their carrying value.

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	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, represented by NAPE, are subject to the *Public Services Pensions Act, 1991*. Employee contributions are matched by the Corporation and remitted to Provident<sup>10</sup> 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.

**(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.

**C.A. PIPPY PARK GOLF COURSE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2017**

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**2. Summary of significant accounting policies (cont.)**

**(i) Revenues (cont.)**

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. Accounting pronouncements**

There are several new standards issued by the PSAB that are not yet effective and have not been applied in these 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.

# C.A. PIPPY PARK GOLF COURSE LIMITED

## NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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### 3. Accounting pronouncements (cont.)

*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.

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

### 4. Accounts receivable

	<u>2017</u>	<u>2016</u>
Trade	\$ 6,791	\$ 12,390
Harmonized sales tax	7,988	1,475
	14,779	13,865
<u>Less: provision for doubtful accounts</u>	<u>(1,725)</u>	<u>(1,725)</u>
	\$ 13,054	\$ 12,140

### 5. Accounts payable and accrued liabilities

	<u>2017</u>	<u>2016</u>
Due to C.A. Pippy Park Commission	\$ 1,099	\$ 696
Trade payables and accrued liabilities	21,890	57,992
	\$ 22,989	\$ 58,688

**C.A. PIPPY PARK GOLF COURSE LIMITED****NOTES TO FINANCIAL STATEMENTS**

March 31, 2017

**6. Deferred revenue**

	<u>2017</u>	<u>2016</u>
Golf course	\$ 145,819	\$ 81,573
Clubhouse	26,552	29,517
	<u>\$ 172,371</u>	<u>\$ 111,090</u>

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.

**7. Obligations under capital leases**

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

	<u>2017</u>	<u>2016</u>
Obligations under capital leases	<u>\$ 111,585</u>	<u>\$ 110,468</u>

Future minimum lease payments under capital leases are:

2018	\$ 43,972
2019	33,606
2020	29,582
2021	<u>9,369</u>
	116,529
Less: interest portion of payments	<u>(4,944)</u>
	<u>\$ 111,585</u>

The capital leases are secured by equipment having a net book value of \$105,105.

**8. Employee future benefits**

	<u>2017</u>	<u>2016</u>
Vested severance benefits	\$ 39,807	\$ 37,443
Provision for accumulating, non-vesting, sick leave	<u>10,088</u>	<u>18,860</u>
	<u>\$ 49,895</u>	<u>\$ 56,303</u>

**C.A. PIPPY PARK GOLF COURSE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2017**

**8. Employee future benefits (cont.)**

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 Provident<sup>10</sup>, 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% (2016 - 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, 2017, was \$5,865 (2016 - \$7,867).

**9. Tangible capital assets**

**Original cost**

	Balance March 31, 2016	Transfer of assets from C.A. Pippy Park Commission (Note 10)	Additions	Disposals	Balance March 31, 2017
Golf course improvements	\$ 8,784	\$ 17,604	\$ -	\$ -	\$ 26,388
Building	-	263,419	-	-	263,419
Building improvements	18,000	410,150	-	-	428,150
Course maintenance equipment	265,806	-	4,750	-	270,556
Golf carts	220,029	-	-	-	220,029
Equipment	21,335	906	-	-	22,241
Office equipment	36,457	-	1,299	-	37,756
Proshop rental equipment	25,352	-	-	-	25,352
Golf carts under capital lease	101,205	-	-	-	101,205
Course maintenance equipment under capital lease	50,950	-	37,795	-	88,745
	<b>\$ 747,918</b>	<b>\$ 692,079</b>	<b>\$ 43,844</b>	<b>\$ -</b>	<b>\$ 1,483,841</b>

**C.A. PIPPY PARK GOLF COURSE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2017**

**9. Tangible capital assets (cont.)**

**Accumulated amortization**

	Balance March 31, 2016	Amortization	Balance March 31, 2017	Net book value March 31, 2017	Net book value March 31, 2016
Golf course improvements	\$ 5,156	\$ 2,122	\$ 7,278	\$ 19,110	\$ 3,628
Building	-	26,342	26,342	237,077	-
Building improvements	7,853	42,030	49,883	378,267	10,147
Course maintenance equipment	218,314	14,960	233,274	37,282	47,492
Golf carts	202,270	5,328	207,598	12,431	17,759
Equipment	16,565	1,703	18,268	3,973	4,770
Office equipment	29,792	2,194	31,986	5,770	6,665
Propshop rental equipment	18,965	1,916	20,881	4,471	6,387
Golf carts under capital lease	34,559	19,994	54,553	46,652	66,646
Course maintenance equipment under capital lease	13,339	16,953	30,292	58,453	37,611
	<b>\$ 546,813</b>	<b>\$ 133,542</b>	<b>\$ 680,355</b>	<b>\$ 803,486</b>	<b>\$ 201,105</b>

**10. Transfer of assets from C.A. Pippy Park Commission**

On October 21, 2004, there was Cabinet Directive to transfer the net assets of the corporation that operated the golf courses to a corporation to be established under the *Pippy Park Commission Act*. Since C.A. Pippy Park Golf Course Limited wasn't yet established, the assets were transferred to the Commission.

On January 6, 2006, the C.A. Pippy Park Golf Course Limited was incorporated to manage the golf courses on behalf of the Commission.

On June 7, 2016, the Board of Directors of the Commission transferred the golf course assets to C.A. Pippy Park Golf Course Limited at no cost. The transfer was recorded at \$692,079, which represents the net book value of the assets.



**C.A. PIPPY PARK GOLF COURSE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2017**

**11. Golf course revenue**

	<u>2017</u> <u>Budget</u> (Note 15)	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Green fees	\$ 645,000	\$ 624,806	\$ 612,345
Rentals	170,000	165,211	158,476
	<u>815,000</u>	<u>790,017</u>	<u>770,821</u>
Proshop sales	15,000	10,700	12,133
Less: cost of goods sold	(6,800)	(4,114)	(5,129)
	<u>8,200</u>	<u>6,586</u>	<u>7,004</u>
	<u>\$ 823,200</u>	<u>\$ 796,603</u>	<u>\$ 777,825</u>

**12. Clubhouse revenue**

	<u>2017</u> <u>Budget</u> (Note 15)	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Salon rentals	\$ 48,200	\$ 34,550	\$ 46,486
Catering commissions	50,000	42,180	49,580
	<u>98,200</u>	<u>76,730</u>	<u>96,066</u>
Salon sales	186,000	158,394	182,495
Less: cost of goods sold	(72,000)	(59,176)	(69,276)
	<u>114,000</u>	<u>99,218</u>	<u>113,219</u>
	<u>\$ 212,200</u>	<u>\$ 175,948</u>	<u>\$ 209,285</u>

**13. Related party transactions**

Administrative and other services for the Corporation are provided by the Commission at a cost of \$73,154 (2016 - \$70,762).

# C.A. PIPPY PARK GOLF COURSE LIMITED

## NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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### 14. 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.

#### 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, and its obligations under capital leases as disclosed in Note 7. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities. The Corporation 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 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.

### 15. 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.

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