

C.A. Pippy Park Commission

Annual Report 2020-21

Message from the Chair

As Chair of the C.A. Pippy Park Commission, I am pleased to present the Annual Report for the fiscal year 2020-21 as a category two entity in accordance with the **Transparency and Accountability Act**. This report outlines the accomplishments of the Commission in relation to the objectives established in its 2020-23 Business Plan. As Chairperson of the Board, my signature indicates the Board's accountability for the preparation of the report and results reported throughout this document.

I would like to extend thanks to the Board for providing thoughtful insight and direction in making decisions while maintaining the core values on which Pippy Park was established. In addition, I would also like to thank our partners, park users and the Provincial Government for its continued support.

2020-21 was a challenging year due to the COVID-19 pandemic. This event highlighted the need for readily accessible open spaces and access to nature that Pippy Park has to offer. Although the Campground saw a decrease in users, thousands of people visited the Park to walk, run, snowshoe, cross-country ski, bike, golf, camp, garden, read and relax. We appreciate hearing how the Park is a place for people to recreate, study and connect with nature, which has positive effects on health and wellness.

The Commission enhanced many services in the Park in 2020-21. Additionally, we continue to have excellent relationships with our partner organizations such as the Friends of Pippy Park, Memorial University of Newfoundland and the City of St. John's. In consultation with our partners, the Commission is striving to provide a modern and sustainable park environment while meeting the needs of visitors and clients.

Sincerely,

A handwritten signature in black ink that reads "Sean Kelly". The signature is written in a cursive style with a long, sweeping underline.

Sean Kelly

Chairperson for the C.A. Pippy Park Commission

Table of Contents

| | |
|--|----------|
| Entity Overview | 1 |
| Organizational Structure | 1 |
| Staff and Budget | 1 |
| Highlights and Partnerships | 3 |
| Highlights | 3 |
| Partnerships | 3 |
| Report on Performance | 4 |
| Issue # 1: Enhanced Park Visitor’s Experience..... | 4 |
| Goal Statement | 4 |
| 2020-21 Objective | 4 |
| 2021-22 Objective and Indicators..... | 6 |
| Opportunities and Challenges | 7 |
| Financial Information | 8 |

Entity Overview

Organizational Structure

The C.A. Pippy Park Commission (the PPC) is a Crown corporation established under the **Pippy Park Commission Act**. Currently, it reports to the House of Assembly through the Minister of Tourism, Culture, Arts and Recreation. Members of the Board are responsible for the administration of the business affairs of the PPC. The Chairperson assumes responsibility as the official head of the PPC in accordance with Section 8 of the Act.

For additional information on the Park's Mandate, Vision and Lines of Business visit their 2020-23 Business Plan at the following link: [PPC-2020-23-Business-Plan.pdf](#).

Staff and Budget

The PPC employs six full-time employees (three male/three female) for administration and maintenance. During peak operations, the PPC employed up to 31 employees, both seasonal and student staff, for grounds maintenance and operation of the Pippy Park Campground. The subsidiary, C.A. Pippy Park Golf Course Limited employs up to an additional 19 employees to operate the golf operations and the Admirals Green Clubhouse. Two of these employees (one male/one female) are employed full-time. The remaining employees are employed seasonally.



Commission Employees

Six full-time
(three male, three female)

+

Up to 31 seasonal employees



Golf Operations Employees

Two full-time
(one male, one female)

+

Up to 17 seasonal employees

The financial year of the PPC is April 1 - March 31. During fiscal 2020-21, the PPC operated primarily from revenue of \$1,872,288 whereas expenses during the same time period were \$2,110,410. The financial records of the PPC are audited and reported on by

the Office of the Auditor General of Newfoundland and Labrador. Audited financial statements are provided at the end of this annual report.

Physical Location

Located within the City of St. John's, the Park is comprised of the lands between the east side of Thorburn Road and the west side of Portugal Cove Road, and between the north side of Elizabeth Avenue and the south side of Windsor Lake. The area of Pippy Park is approximately 1,375 hectares and is one of the largest urban parks in Canada. To see detailed maps of the park, please visit <https://www.pippypark.com/maps/>.

Board of Directors

The PPC Board is comprised of eight members and reports to the House of Assembly through the Minister of Tourism, Culture, Arts and Recreation. Members of the Board are appointed in accordance with Section 4 of the **Pippy Park Commission Act**. Six of the eight members are appointed by the Lieutenant-Governor in Council through a merit-based process in accordance with the **Independent Appointments Commission Act**. Two of these must be from the Pippy Park Land Owners Association and the Pippy Family. The remaining two, which are not appointed by the Lieutenant-Governor in Council, include one person appointed from the City of St. John's and one from the Memorial University Board of Regents. Below is a current list of Board members and their affiliation:

1. Mr. Sean Kelly, Chairperson
2. Ms. Pam Pippy, Vice-Chairperson and Pippy Family Representative
3. Ms. Stephanie Curran
4. Mr. Rick Gill
5. Mr. Jerry English, Pippy Park Association of Landowners and Residents Representative
6. Ms. Ann Browne, Memorial University Representative
7. Ms. Sheilagh O'Leary, City of St. John's Representative
8. Mr. Brent Meade

Highlights and Partnerships

Highlights

2020-21 was a challenging year due to the COVID-19 pandemic with many organized events being cancelled and restrictions on travel. However, users of the Park's open spaces and trails increased substantially. In particular, the Three Pond Barrens area of the Park saw increased numbers of walkers, skiers, snowshoers and bikers. The pandemic highlighted the importance of the Park's open spaces for people to recreate and connect with nature.

One activity that could safely be played outside, in accordance with Public Health Guidelines, was golf. The two golf courses at Pippy Park, the 18-hole Admiral's Green and 9-hole Captain's Hill, had an excellent year. The total number of rounds played was 22,819. This represented an increase of approximately 35 per cent from the previous year.

Partnerships

A key partnership in 2020-21 was with the City of St. John's. Throughout the winter, the City operates the winter activity program from the North Bank Lodge, which includes cross-country skiing and snowshoeing. Although the number of rental days were limited, in the 15 days that rentals were available, 2,196 people rented equipment.

The January to March 2021 period provided ideal snow conditions for winter activities. The restrictions on indoor activities caused by the pandemic produced a noticeable increase of visitors on the Campground groomed trail. Volunteers from the Avalon Nordic Ski Club and Outfitters Limited, a local sporting goods company, also supported the program.

Report on Performance

Issue # 1: Enhanced Park Visitors' Experience

PPC aims at enhancing its user experience by providing accessible information on Park activities to the public and undertaking significant work for the overall improvements in Park infrastructure to service its clients better. Challenges caused by the COVID-19 pandemic increased the demand for open space. Activities such as camping, golfing, hiking, cycling, and skiing highlighted the importance of the Park's multi-use trail systems and open spaces within the Park.

The Commission provided enhancements to signage, improved the multi-use trail systems and made it easier to find online information about the Park and services offered.

Goal Statement

By March 31, 2023, PPC will have implemented a number of initiatives aimed to provide an enhanced visitor's experience.

2020-21 Objective

By March 31, 2021, the C.A. Pippy Park Commission will have completed improvements for overall visitor experience.

Indicator 1: Enhanced PPC's social media and online presence in an effort to better communicate with its clients.

The PPC partnered with the Office of the Chief Information Officer (OCIO) to upgrade computer systems and IT support. This partnership included file backups, e-mail and security as well as modernizing and updating Pippy Park's website, www.pippypark.com. The new site allows ease of access to find information about what the Park has to offer and to easily book activities such as golfing and camping. The new website is more user

friendly and provides social media feeds such as: Twitter, YouTube, Instagram and Facebook.

Indicator 2: Worked towards improving the multi-use trail systems to enhance the user experience.

PPC continued to make improvements and supported groups such as Bicycle Newfoundland and Labrador (BNL), Avalon Mountain Bike Association (AMBA) and Avalon Nordic by enhancing the multi-use trail systems in Pippy Park. Examples of improvements included grooming trails for skiers, snowshoers and snow bikers.

Indicator 3: Improved campgrounds for visitor's usage and recreation.

During this fiscal year, the PPC continued to make significant capital investments in the Campground including:

1. Two of the four comfort stations in the Campground had new ventilation and exhaust fans installed to improve air flow in the buildings.
2. Roof repairs included fascia, soffit and new shingles on one comfort station and two administration buildings at the Campground entrance.
3. Two of the administration buildings and the Campground store were painted.

Indicator 4: Upgraded the infrastructure and facilities to provide improved service and amenities.

The PPC upgraded infrastructure and facilities including:

- Mount Scio House is the Headquarters for PPC and was built in the 1960's. An air exchanger was installed to address air quality issues in the building and make the area a more safe and comfortable work space for employees, visitors and customers.
- The PPC finished construction of a new storage building which included a staff washroom, lunchroom and locker room area.

- The North Bank Lodge had the hardwood floors refinished, the exterior stained and new doors installed.

Indicator 5: Improved signage to easily navigate the Parks and its amenities, and provide easy to understand directions for visitors.

PPC installed additional signage to inform users of the guidelines for trail use at the entrance to the Three Pond Barrens and other remote entry points to the Park. The signage also informed users that Pippy Park trails are multi-use therefore no ATV's are permitted, no loitering, no hunting and all trail users must be respectful.

2021-22 Objective and Indicators

By March 31, 2022, the C.A. Pippy Park Commission will have completed improvements for overall visitor experience.

Indicator 1: Enhanced PPC's social media and online presence in an effort to better communicate with its clients.

Indicator 2: Worked towards improving the multi-use trail systems to enhance the user experience.

Indicator 3: Improved campgrounds for visitors' usage and recreation.

Indicator 4: Upgraded the infrastructure and facilities to provide improved service and amenities.

Indicator 5: Improved signage to easily navigate the Parks and its amenities, and provide easy to understand directions for visitors.

Opportunities and Challenges

The COVID-19 pandemic had a significant impact on the tourism and recreation sector. It resulted in restrictions on travel to the province and changed recreational activities for individuals. While some tourism related recreation and sport activities resumed with public health measures in place, uncertainty remains for organizers, businesses and participants. COVID-19 affected activities such as summer day camps, recreational sport initiatives and fitness activities. Facilities and programs are facing increased expenditures and reduced revenues. PPC will work with stakeholders on the challenges to assist individuals in resuming recreational activities. A challenge for Pippy Park will be to attract both local and out-of-province visitors to the Campground and banquet facilities as restrictions are lifted.

One key opportunity for PPC relates to the use of the trail systems in the Park and particularly the Three Pond Barrens area. Within this area, a number of improvements have been made to the multi-use trails by volunteer groups. The enhancement of this area will continue as it has been selected to host the mountain bike racing competition of the 2025 Canada Summer Games.

There was a major increase in the use of the open spaces in the Park during the COVID-19 pandemic and PPC sees this as an opportunity to maximize usage of the Park and make people more aware of what the Park has to offer. PPC is making facility improvements in the Park, refreshing its website and increasing its social media presence to accommodate the growing numbers of visitors. Balancing the increasing numbers of visitors to the Park while maintaining the facilities has meant infrastructure improvements have to be prioritized and continually upgraded. It is anticipated that the demand for open spaces and outdoor recreational activities will continue and this must be balanced with the values the Park was established upon, such as its natural and cultural heritage.

Financial Information

**C.A. PIPPY PARK COMMISSION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021**

Office of the Auditor General

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, 2021, 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, 2021, 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
Deputy Auditor General

July 14, 2021
St. John's, Newfoundland and Labrador

ANNUAL REPORT 2020-21

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

| | 2021 | 2020 |
|---|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 790,226 | \$ 1,024,162 |
| Accounts receivable (Note 3) | 40,269 | 12,969 |
| Inventories held for resale | 7,443 | 10,263 |
| | 837,938 | 1,047,394 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 135,888 | 129,088 |
| Deferred revenue (Note 4) | 204,950 | 156,511 |
| Obligations under capital leases (Note 5) | 5,973 | 25,708 |
| Long term debt (Note 6) | 63,325 | - |
| Employee future benefits (Note 7) | 46,602 | 59,067 |
| | 456,738 | 370,374 |
| Net financial assets | 381,200 | 677,020 |
| NON-FINANCIAL ASSETS | | |
| Prepaid expenses | 25,412 | 23,217 |
| Inventories held for use | 17,604 | 17,415 |
| Tangible capital assets (Note 8) | 8,328,136 | 8,272,884 |
| | 8,371,152 | 8,313,516 |
| Accumulated surplus | \$ 8,752,352 | \$ 8,990,536 |
| Contractual obligations (Note 13) | | |
| Contractual rights (Note 14) | | |

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

Signed on behalf of the Board: Sean Kelly
 Chairperson

[Signature]
 Member

Office of the Auditor General

ANNUAL REPORT 2020-21

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

| | 2021 Budget | 2021 Actual | 2020 Actual |
|--|---------------------|---------------------|---------------------|
| | (Note 16) | | |
| REVENUES (Note 10) | | | |
| Province of Newfoundland and Labrador | | | |
| Operating grant | \$ 261,000 | \$ 253,900 | \$ 261,000 |
| Golf course (Note 11) | 781,400 | 884,166 | 786,553 |
| Campground (Note 12) | 621,000 | 221,755 | 618,305 |
| Services | 306,000 | 309,032 | 307,986 |
| Rental | 114,000 | 89,444 | 119,311 |
| Government of Canada | - | 40,066 | 61,711 |
| Miscellaneous | 52,000 | 55,074 | 58,079 |
| Interest | 19,500 | 11,252 | 29,244 |
| Advertising | 7,600 | 7,599 | 7,599 |
| | <u>2,162,500</u> | <u>1,872,288</u> | <u>2,249,788</u> |
| EXPENSES (Note 10) | | | |
| Golf course | 756,293 | 805,534 | 831,492 |
| Campground | 307,625 | 168,193 | 292,199 |
| General park | 565,275 | 497,572 | 554,525 |
| Administration and other | 668,356 | 639,111 | 649,233 |
| | <u>2,297,549</u> | <u>2,110,410</u> | <u>2,327,449</u> |
| Annual deficit before loss on disposal of tangible capital assets | (135,049) | (238,122) | (77,661) |
| Loss on disposal of tangible capital assets | - | (62) | - |
| Annual deficit | (135,049) | (238,184) | (77,661) |
| Accumulated surplus, beginning of year | 8,990,536 | 8,990,536 | 9,068,197 |
| Accumulated surplus, end of year | <u>\$ 8,855,487</u> | <u>\$ 8,752,352</u> | <u>\$ 8,990,536</u> |

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

Office of the Auditor General

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

| | 2021 Budget | 2021 Actual | 2020 Actual |
|--|-------------------|-------------------|-------------------|
| (Note 16) | | | |
| Annual deficit | \$ (135,049) | \$ (238,184) | \$ (77,661) |
| Changes in tangible capital assets | | | |
| Acquisition of tangible capital assets | (280,000) | (204,852) | (43,341) |
| Net book value of tangible capital asset disposals | - | 62 | - |
| Amortization of tangible capital assets | 172,581 | 149,538 | 155,145 |
| | (107,419) | (55,252) | 111,804 |
| Changes in other non-financial assets | | | |
| Use of prepaid expenses | - | 23,217 | 20,606 |
| Acquisition of prepaid expenses | - | (25,412) | (23,217) |
| Net use (acquisition) of inventories held for use | - | (189) | 437 |
| | - | (2,384) | (2,174) |
| (Decrease) increase in net financial assets | (242,468) | (295,820) | 31,969 |
| Net financial assets, beginning of year | 677,020 | 677,020 | 645,051 |
| Net financial assets, end of year | \$ 434,552 | \$ 381,200 | \$ 677,020 |

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

ANNUAL REPORT 2020-21

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

| | 2021 | 2020 |
|---|-------------------|---------------------|
| Cash flows from operating activities | | |
| Annual deficit | \$ (238,184) | \$ (77,661) |
| Adjustment for non-cash items | | |
| Amortization | 149,538 | 155,145 |
| Loss on disposal of tangible capital assets | 62 | - |
| | (88,584) | 77,484 |
| Changes in non-cash working capital | | |
| Accounts receivable | (27,300) | 61,882 |
| Inventories held for resale | 2,820 | 1,283 |
| Prepaid expenses | (2,195) | (2,611) |
| Inventories held for use | (189) | 437 |
| Accounts payable and accrued liabilities | 6,800 | 21,484 |
| Deferred revenue | 48,439 | (30,443) |
| Employee future benefits | (12,465) | (64) |
| Cash (applied to) provided from operating transactions | (72,674) | 129,452 |
| Capital transactions | | |
| Acquisition of tangible capital assets | (204,852) | (43,341) |
| Cash applied to capital transactions | (204,852) | (43,341) |
| Financing transactions | | |
| Proceeds from bank loan | 71,725 | - |
| Repayment of bank loan | (8,400) | - |
| Repayment of capital lease obligations | (19,735) | (42,788) |
| Cash provided from (applied to) financing transactions | 43,590 | (42,788) |
| Net (decrease) increase in cash | (233,936) | 43,323 |
| Cash, beginning of year | 1,024,162 | 980,839 |
| Cash, end of year | \$ 790,226 | \$ 1,024,162 |

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

Office of the Auditor General

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

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 long-term debt. 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, 2021

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 and long-term debt are measured at amortized cost.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, obligations under capital leases and long-term debt 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.

Office of the Auditor General

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

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, 2021

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, 2021

3. Accounts receivable

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|------------------|------------------|
| Trade | \$ 21,648 | \$ 10,573 |
| Harmonized sales tax | 19,316 | 3,091 |
| | <u>40,964</u> | <u>13,664</u> |
| Less: allowance for doubtful accounts | (695) | (695) |
| Net accounts receivable | <u>\$ 40,269</u> | <u>\$ 12,969</u> |

4. Deferred revenue

| | <u>2021</u> | <u>2020</u> |
|-------------|-------------------|-------------------|
| Golf course | \$ 137,503 | \$ 93,577 |
| Clubhouse | 53,050 | 44,447 |
| Rental | 10,508 | 14,013 |
| Campground | 3,339 | 4,049 |
| Other | 550 | 425 |
| | <u>\$ 204,950</u> | <u>\$ 156,511</u> |

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2021 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 2021 camping season. Other deferred revenue relates to property lease payments received that relates to the 2021-22 fiscal year.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2021

5. Obligations under capital leases

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

| | <u>2021</u> | <u>2020</u> |
|----------------------------------|-------------|-------------|
| Obligations under capital leases | \$ 5,973 | \$ 25,708 |

Future minimum lease payments under capital leases are:

| | |
|------------------------------------|-----------------|
| 2022 | \$ 6,010 |
| Less: interest portion of payments | <u>(37)</u> |
| | <u>\$ 5,973</u> |

The capital leases are secured by equipment having a net book value of \$13,285.

6. Long-term debt

| | <u>2021</u> | <u>2020</u> |
|---|------------------|-------------|
| Non-revolving Demand Instalment Loan repayable in 24 regular principal payments of \$2,639, to be made May 30 to October 30 of each year. Interest paid monthly at the prime rate. Maturing October 2024. | \$ 63,325 | \$ - |
| | <u>\$ 63,325</u> | <u>\$ -</u> |

Future long-term debt principal repayments

| | |
|------|------------------|
| 2022 | \$ 15,831 |
| 2023 | 15,831 |
| 2024 | 15,831 |
| 2025 | <u>15,832</u> |
| | <u>\$ 63,325</u> |

Total interest paid and expensed during the year was \$698.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

7. Employee future benefits

| | <u>2021</u> | <u>2020</u> |
|---|------------------|------------------|
| Severance benefits | \$ - | \$ 14,658 |
| Provision for accumulating, non-vesting, sick leave | 46,602 | 44,409 |
| | <u>\$ 46,602</u> | <u>\$ 59,067</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. The remaining severance balance was paid out to employees during 2020-21.

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% (2020 - 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, 2021 was \$63,822 (2020 - \$70,164).

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

8. Tangible capital assets

Original cost

| | Balance March 31, 2020 | Capital assets no longer under lease | Additions | Disposals | Balance March 31, 2021 |
|-----------------------------------|------------------------------|---|------------------|------------------|------------------------------|
| Park | | | | | |
| Land | \$ 5,418,566 | \$ - | \$ - | \$ - | \$ 5,418,566 |
| Furniture and equipment | 388,148 | - | 3,226 | (2,444) | 388,930 |
| Vehicles | 95,482 | - | - | - | 95,482 |
| Equipment under capital leases | 23,551 | - | - | - | 23,551 |
| Buildings | 1,222,045 | - | 134,256 | - | 1,356,301 |
| Park improvements | 1,847,187 | - | 5,000 | - | 1,852,187 |
| 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 | 49,719 | (37,795) | - | - | 11,924 |
| Furniture and equipment | 800,211 | 37,795 | 62,370 | - | 900,376 |
| | \$13,669,507 | \$ - | \$204,852 | \$(2,444) | \$13,871,915 |

Office of the Auditor General

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2021

8. Tangible capital assets (cont.)

Accumulated amortization

| | Balance March 31, 2020 | Transfer of accumulated amortization of assets no longer under lease | Amortization | Accumulated amortization on disposals | Balance March 31, 2021 | Net book value March 31, 2021 | Net book value March 31, 2020 |
|-----------------------------------|------------------------------|--|-------------------|---|------------------------------|--|--|
| Park | | | | | | | |
| Land | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,418,566 | \$ 5,418,566 |
| Furniture and equipment | 350,922 | - | 11,715 | (2,382) | 360,255 | 28,675 | 37,226 |
| Vehicles | 69,630 | - | 7,756 | - | 77,386 | 18,096 | 25,852 |
| Equipment under capital leases | 9,538 | - | 4,204 | - | 13,742 | 9,809 | 14,013 |
| Buildings | 1,127,897 | - | 16,162 | - | 1,144,059 | 212,242 | 94,148 |
| Park improvements | 1,500,204 | - | 33,866 | - | 1,534,070 | 318,117 | 346,983 |
| Golf course | | | | | | | |
| Land | - | - | - | - | - | 1,809,696 | 1,809,696 |
| Golf course improvements | 1,063,281 | - | 28,303 | - | 1,091,584 | 254,727 | 283,030 |
| Buildings | 494,419 | - | 17,417 | - | 511,836 | 156,755 | 174,172 |
| Equipment under capital leases | 33,734 | (26,776) | 1,490 | - | 8,448 | 3,476 | 15,985 |
| Furniture and equipment | 746,998 | 26,776 | 28,625 | - | 802,399 | 97,977 | 53,213 |
| | \$ 5,396,623 | \$ - | \$ 149,538 | \$ (2,382) | \$ 5,543,779 | \$ 8,328,136 | \$ 8,272,884 |

Office of the Auditor General

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

8. 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.

9. Related party transactions

(a) During the year, the Commission received an operating grant of \$253,900 (2020 - \$261,000) from the Province.

(b) Services and rental revenue include revenues from the Province in the amount of \$280,210 (2020 - \$288,126) as a result of ongoing contracts.

ANNUAL REPORT 2020-21

C.A. PIPPY PARK COMMISSION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2021

10. Segmented information

The Commission reports its revenue and expenses by program area.

| | Golf course | | Campground | | General park | | Administration | | Total | |
|--|------------------|-------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | | | | | | | |
| Province of Newfoundland and Labrador operating grant | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 253,900 | \$ 261,000 | \$ 253,900 | \$ 261,000 |
| Golf course (Note 11) | 884,166 | 786,553 | - | - | - | - | - | - | 884,166 | 786,553 |
| Campground (Note 12) | - | - | 221,755 | 618,305 | - | - | - | - | 221,755 | 618,305 |
| Services | - | - | - | - | 309,032 | 307,986 | - | - | 309,032 | 307,986 |
| Rental | - | - | - | - | - | - | 89,444 | 119,311 | 89,444 | 119,311 |
| Government of Canada | - | - | 40,066 | 61,711 | - | - | - | - | 40,066 | 61,711 |
| Miscellaneous | 2,964 | 233 | - | - | - | - | 52,110 | 57,846 | 55,074 | 58,079 |
| Interest | 2,394 | 3,703 | - | - | - | - | 8,858 | 25,541 | 11,252 | 29,244 |
| Advertising | 7,599 | 7,599 | - | - | - | - | - | - | 7,599 | 7,599 |
| | 897,123 | 798,088 | 261,821 | 680,016 | 309,032 | 307,986 | 404,312 | 463,698 | 1,872,288 | 2,249,788 |
| Expenses | | | | | | | | | | |
| Advertising and promotion | 1,374 | 3,500 | 1,000 | - | - | - | 159 | 142 | 2,533 | 3,642 |
| Amortization | 75,835 | 79,498 | - | - | - | - | 73,703 | 75,647 | 149,538 | 155,145 |
| Bank charges | 15,652 | 19,600 | - | - | - | - | 6,072 | 17,475 | 21,724 | 37,075 |
| Building maintenance | 31,105 | 33,466 | 9,190 | 20,268 | 5,903 | 5,593 | 40,385 | 33,823 | 86,583 | 93,150 |
| Course maintenance | 64,322 | 59,096 | - | - | - | - | - | - | 64,322 | 59,096 |
| Equipment maintenance | 36,250 | 38,420 | - | - | 20,555 | 32,749 | - | 571 | 56,805 | 71,740 |
| Fuel | 18,439 | 18,658 | - | - | 14,040 | 17,367 | - | - | 32,479 | 36,025 |
| Heat, light and telephone | 37,285 | 49,237 | 22,383 | 40,819 | 8,659 | 14,409 | 23,015 | 25,297 | 91,342 | 129,762 |
| Honoraria | - | - | - | - | - | - | 380 | 855 | 380 | 855 |
| Insurance | 37,657 | 29,681 | - | - | - | - | 44,519 | 42,590 | 82,176 | 72,271 |
| Interest on capital lease obligations | 487 | 1,720 | - | - | - | - | - | - | 487 | 1,720 |
| Interest on long-term debt | 698 | - | - | - | - | - | - | - | 698 | - |
| Miscellaneous | 4,413 | 2,293 | 17 | 474 | 60,304 | 61,365 | 621 | 972 | 65,355 | 65,104 |
| Office | 6,148 | 6,853 | 125 | 384 | - | - | 9,218 | 12,344 | 15,491 | 19,581 |
| Professional fees | 3,610 | 3,210 | 517 | 481 | - | - | 2,900 | 6,095 | 7,027 | 9,786 |
| Salaries and employee benefits | 466,286 | 481,718 | 129,415 | 218,969 | 380,818 | 401,367 | 436,299 | 429,254 | 1,412,818 | 1,531,308 |
| Supplies | 5,973 | 4,542 | 5,546 | 10,804 | 7,293 | 19,955 | 1,840 | 3,883 | 20,652 | 39,184 |
| Training | - | - | - | - | - | 1,720 | - | 285 | - | 2,005 |
| | 805,534 | 831,492 | 168,193 | 292,199 | 497,572 | 554,525 | 639,111 | 649,233 | 2,110,410 | 2,327,449 |
| Annual surplus (deficit) before loss on disposal of tangible capital assets | \$ 91,589 | \$(33,404) | \$ 93,628 | \$387,817 | \$(188,540) | \$(246,539) | \$(234,799) | \$(185,535) | \$ (238,122) | \$ (77,661) |
| Loss on disposal of tangible capital assets | - | - | - | - | - | - | (62) | - | (62) | - |
| Annual surplus (deficit) | \$ 91,589 | \$(33,404) | \$ 93,628 | \$387,817 | \$(188,540) | \$(246,539) | \$(234,861) | \$(185,535) | \$ (238,184) | \$ (77,661) |

Office of the Auditor General

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

11. Golf course revenue**Course operations**

| | 2021 Budget (Note 16) | 2021 Actual | 2020 Actual |
|-----------------------------|--------------------------------------|------------------------|------------------------|
| Green fees | \$ 460,000 | \$ 672,926 | \$ 450,985 |
| Rentals | 281,500 | 173,229 | 119,757 |
| | <u>741,500</u> | <u>846,155</u> | <u>570,742</u> |
| Proshop sales | 8,000 | 11,123 | 8,173 |
| Less: cost of goods sold | (3,500) | (4,605) | (3,567) |
| | <u>4,500</u> | <u>6,518</u> | <u>4,606</u> |
| Course operations | 746,000 | 852,673 | 575,348 |
| | | | |
| Clubhouse operations | | | |
| Salon rentals | 3,000 | 5,600 | 56,391 |
| Catering commissions | 4,000 | 1,741 | 44,462 |
| | <u>7,000</u> | <u>7,341</u> | <u>100,853</u> |
| Salon sales | 58,000 | 46,773 | 168,239 |
| Less: cost of goods sold | (29,600) | (22,621) | (57,887) |
| | <u>28,400</u> | <u>24,152</u> | <u>110,352</u> |
| Clubhouse operations | 35,400 | 31,493 | 211,205 |
| | <u>\$ 781,400</u> | <u>\$ 884,166</u> | <u>\$ 786,553</u> |

Office of the Auditor General

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

12. Campground revenue

| | <u>2021 Budget</u> (Note 16) | <u>2021 Actual</u> | <u>2020 Actual</u> |
|--------------------------|-------------------------------------|------------------------|------------------------|
| Registration fees | \$ 621,000 | \$ 211,560 | \$ 592,898 |
| Sales | - | 21,398 | 46,246 |
| Less: cost of goods sold | - | (11,203) | (20,839) |
| | - | 10,195 | 25,407 |
| | <u>\$ 621,000</u> | <u>\$ 221,755</u> | <u>\$ 618,305</u> |

13. 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:

| | |
|------|------------------|
| 2022 | <u>\$ 54,000</u> |
| | <u>\$ 54,000</u> |

14. 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:

| | |
|------|------------------|
| 2022 | \$ 88,725 |
| 2023 | 40,350 |
| 2024 | <u>23,025</u> |
| | <u>\$152,100</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.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

15. 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 (Note 5), long-term debt (Note 6), and its contractual obligations (Note 13). The Commission 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 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 significant interest rate risk on its long-term debt as a change in the variable interest rate of one percent would not result in a significant change in the annual interest expense on long-term debt.

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.

C.A. PIPPY PARK COMMISSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

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. 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. There was a financial impact to the Commission in the 2021 fiscal year, however, due to the unpredictability of COVID-19 restrictions, future impacts to the consolidated financial statements and operations are difficult to predict.

