

Financial Statements of

ASSINIBOINE PARK CONSERVANCY INC.

December 31, 2019

Independent Auditor's Report

To the Board Members of
Assiniboine Park Conservancy Inc.

Opinion

We have audited the financial statements of Assiniboine Park Conservancy Inc. (the "Organization"), which comprise the balance sheet as at December 31, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 our 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.
- 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

Deloitte LLP

Chartered Professional Accountants

Winnipeg, Manitoba
April 22, 2020

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ASSINIBOINE PARK CONSERVANCY INC.**Balance Sheet****December 31, 2019**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	\$ 17,040,608	\$ 16,297,134
Accounts receivable	1,439,614	1,049,428
Government grants receivable	4,047,723	3,338,798
Government remittances receivable	168,463	224,445
Inventory	385,402	354,400
Prepaid expenses	378,727	410,539
	23,460,537	21,674,744
ACCOUNTS RECEIVABLES	418,000	-
CAPITAL ASSETS (Note 4)	163,100,225	139,727,332
ART COLLECTIONS (Note 5)	14,057,344	14,057,344
EMPLOYEE BENEFITS RECEIVABLE (Note 6)	211,831	202,778
	\$ 201,247,937	\$ 175,662,198
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,249,290	\$ 8,892,012
Deferred contributions - operating (Note 7)	1,083,240	500,450
Deferred revenue	150,000	-
Notes payable (Note 8)	1,945,303	3,500,000
	13,427,833	12,892,462
DEFERRED REVENUE	170,000	-
DEFERRED CONTRIBUTIONS - CAPITAL (Note 9)	173,064,190	148,340,009
ACCRUED EMPLOYEE BENEFITS (Note 6)	144,333	135,281
	186,806,356	161,367,752
COMMITMENTS (Note 17)		
NET ASSETS		
Restricted (Notes 2(c) and 5)	14,057,344	14,057,344
Internally Restricted (Notes 2(f) and 13)	365,000	225,000
Unrestricted	19,237	12,102
	14,441,581	14,294,446
	\$ 201,247,937	\$ 175,662,198

APPROVED BY THE BOARD

.....  Director

.....  Director

ASSINIBOINE PARK CONSERVANCY INC.**Statement of Operations**

For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
City of Winnipeg (Note 10)	\$ 11,078,000	\$ 10,876,000
Other operating grants (Note 12)	301,393	176,348
Gifts and sponsorships (Note 11 and 12)	1,233,004	1,257,937
Amortization of deferred contributions	7,208,566	7,872,987
Interest and other income	227,678	102,122
Park revenues	13,045,320	11,778,883
	33,093,961	32,064,277
Direct costs of park revenues (Note 10)	8,144,175	7,399,755
	24,949,786	24,664,522
EXPENSE		
Administration (Note 10)	1,423,929	1,443,346
Amortization of capital assets	6,861,306	7,568,720
Insurance	200,798	199,563
Interest	90,992	119,231
Operations (Note 10)	2,378,064	2,314,764
Utilities (Note 10)	1,281,792	1,036,669
Wages, benefits and contract services (Note 10)	12,556,719	11,941,360
Donation to Winnipeg Foundation - ParkShare (Note 11)	9,051	32,337
	24,802,651	24,655,990
EXCESS OF REVENUE OVER EXPENSE	\$ 147,135	\$ 8,532

ASSINIBOINE PARK CONSERVANCY INC.
Statement of Changes in Net Assets
Year Ended December 31, 2019

	2019				2018
	Restricted Net Assets	Internally Restricted Net Assets	Unrestricted Net Assets	Total	Total
Balance, beginning of year	\$ 14,057,344	\$ 225,000	\$ 12,102	\$ 14,294,446	\$ 14,285,914
Excess of revenue over expense	-	-	147,135	147,135	8,532
Interfund transfers (Note 13)	-	140,000	(140,000)	-	-
Balance, end of year	\$ 14,057,344	\$ 365,000	\$ 19,237	\$ 14,441,581	\$ 14,294,446

ASSINIBOINE PARK CONSERVANCY INC.**Statement of Cash Flows**

For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Excess of revenue over expense	\$ 147,135	\$ 8,532
Items not affecting cash:		
Amortization of capital assets	6,861,306	7,568,720
Amortization of deferred contributions	(7,208,566)	(7,872,987)
	<u>(200,125)</u>	<u>(295,735)</u>
Changes in non-cash operating working capital items:		
Accounts receivable	(808,186)	(748,451)
Government grants receivable	(708,925)	4,075,355
Government remittances receivable	55,982	97,647
Inventory	(31,002)	(36,049)
Prepaid expenses	31,812	(66,896)
Accounts payable and accrued liabilities	1,205,833	3,502,467
Deferred revenue	320,000	-
Deferred contributions - operating	582,790	(71,910)
	<u>448,179</u>	<u>6,456,428</u>
FINANCING ACTIVITIES		
Deferred contributions - capital	31,932,747	37,089,560
Repayment of notes payable	(1,554,697)	(1,300,000)
Repayment of long term debt	-	(544,747)
Change in employee benefits receivable	(9,053)	131,457
Change in accrued employee benefits	9,052	(4,312)
	<u>30,378,049</u>	<u>35,371,958</u>
INVESTING ACTIVITY		
Acquisition of capital assets	(30,082,754)	(33,589,636)
	<u>(30,082,754)</u>	<u>(33,589,636)</u>
NET INCREASE IN CASH AND SHORT-TERM INVESTMENTS		
	743,474	8,238,750
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR		
	16,297,134	8,058,384
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR		
	<u>\$ 17,040,608</u>	<u>\$ 16,297,134</u>

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2019

1. DESCRIPTION OF ASSINIBOINE PARK CONSERVANCY INC.

On July 16, 2006 Winnipeg City Council adopted a new governance model for Assiniboine Park (the "Park"), which called for the establishment of a not-for-profit entity to oversee the operation and development of the Park for the benefit of the community. Under the new governance model, Assiniboine Park Conservancy Inc. (the "Conservancy") was created on April 17, 2008 with an independent Board of Directors, appointed with representation from all three levels of government and the private sector, to govern at arm's length from the City of Winnipeg (the "City").

Through a fifty year Lease and Funding Agreement with the Conservancy which came into effect on October 1, 2010, the City retains ownership of the Park and all of its assets. Under this Agreement, the City provides an annual grant to support the operation and maintenance of the Park and is committed to a 25% share, up to \$50 million, of the cost of major capital redevelopment of Park attractions and amenities. The commitment has been completed as of December 31, 2019.

The Conservancy became a registered charity under the Income Tax Act on January 1, 2009 and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) *Revenue recognition*

The Conservancy follows the deferral method of accounting for revenues. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted revenues are recognized in accordance with the restrictions placed on them by the funder.

Unrestricted gifts are recognized as revenue in the period in which the gifts are received. Gifts that are restricted by the donor are deferred, and then recognized in the year in which the related restriction is met. Non-monetary gifts are recorded at fair value in revenue when received.

Pledges receivable from donors have not been recognized in these financial statements.

Park revenues, which include revenues from zoo admissions, food, beverage and retail sales, education programming, hosting of private functions and public fundraisers, are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

ASSINIBOINE PARK CONSERVANCY INC.
Notes to Financial Statements
December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at their fair value at the date of contribution. Amortization is recorded on a straight-line basis over the assets' estimated useful life as follows:

Park facility improvements	5 - 40 years
Grounds improvements	5 - 20 years
Park equipment and systems	5 - 20 years
Moving equipment	5 - 15 years

Park facility improvements include new buildings and exhibits, and major improvements to existing buildings and exhibits in the Park. Grounds improvements include major improvements to roadways, parking lots, landscaping, lighting, pathways and signage. Park equipment and systems include information technology, security and safety systems, temporary structures, computer equipment, office furniture and fixtures, playground equipment, benches, picnic tables and other Park equipment, retail equipment and minor improvements to existing buildings. Moving equipment includes grounds maintenance and sanitation equipment, the Park vehicle fleet and people movers.

Construction in progress includes the costs associated with the construction of new Park facilities, grounds improvements and major upgrades to existing facilities within the Park. Amortization of these assets will commence when the asset is determined to be ready for use and put into service.

Effective January 1, 2019, the Conservancy applied *Section 4433: Tangible Capital Assets held by not-for-profit organizations* which includes the requirement to consider the componentization of assets when determining its useful life for the purpose of recording amortization. The Conservancy has elected to apply the standard on a prospective basis for any assets put into use after the date of adoption of the new standard.

c) Art collections

Art collections gifted to the Conservancy are recorded at their appraised fair market values at the date of the gift. Art collections that are purchased by the Conservancy are recorded at the cost of the purchase. The art collections are capitalized on the balance sheet and no amortization is recorded.

The Conservancy is precluded from selling the art in both the legacy and other collections. Should artwork be damaged or stolen, the proceeds of an insurance claim would either be used to restore the artwork, to acquire new pieces of art for the collection or for the direct care of the remaining collection.

ASSINIBOINE PARK CONSERVANCY INC.
Notes to Financial Statements
December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. The Conservancy subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations, except on investments purchased using contributions subject to external restrictions, which are recognized as increases or decreases to the deferred contribution – capital balance.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Conservancy recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

e) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates included in these financial statements are the determination of the useful lives of the capital assets and the amount of the employee benefits receivable and accrued employee benefits. Actual results could differ from these estimates.

f) Internally restricted net assets

The Conservancy has internally restricted certain funds for a fiscal stabilization reserve to support the long-term sustainability of the organization.

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2019

3. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments consist of cash on hand and balances with banks. Included in cash and short-term investments is restricted cash held in a joint bank account with a construction company for the payment of holdbacks in the amount of \$3,952,187 (2018 - \$2,341,961).

4. CAPITAL ASSETS

	2019			2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Park facility improvements	\$107,850,761	\$ 21,516,161	\$ 86,334,600	\$ 82,584,265
Grounds improvements	11,913,466	7,144,380	4,769,086	5,710,180
Park equipment and systems	21,732,621	17,171,544	4,561,077	5,709,295
Moving equipment	2,368,751	1,234,591	1,134,160	967,469
Construction in progress	66,301,302	-	66,301,302	44,756,123
	\$210,166,901	\$ 47,066,676	\$163,100,225	\$ 139,727,332

The Province of Manitoba has a \$30 million investment in the Leatherdale International Polar Bear Conservation Centre ("LIPBCC") and Polar Bear Facilities, which include the Gateway to the Arctic Building, the Animal Holding and Filtration System Building and the Polar Plunge. As a result, the Province's \$30 million investment in these capital assets do not appear on the Conservancy's balance sheet.

The Conservancy and the Province have three continuing agreements which relate to the provincially owned buildings. A long-term Ground Sublease Agreement provides the Province with a sublease on the land on which the LIPBCC and the Polar Bear Facilities are located within the Park. An Operations Agreement gives the Conservancy responsibility for operating these buildings. Under the Operations Agreement, the Province will provide future capital funding for required capital repairs and replacements to the LIPBCC and the Polar Bear Facilities to ensure that it continues to meet the standards of the Province over the term of the Ground Sublease Agreement. Under an Insurance Agreement, the Province has assumed responsibility for providing insurance for the LIPBCC and the Polar Bear Facilities.

In 2017, the Conservancy began construction on Canada's Diversity Gardens, which will include a new conservatory called the Leaf and three exterior gardens, the Cultural Mosaic Gardens, the Indigenous Peoples Gardens and the Grove. Canada's Diversity Gardens is being funded with grants from the Federal government, the Province of Manitoba and the City of Winnipeg and with gifts from the private sector.

During the year an additional \$nil (2018 - \$415,243) was expensed to amortization for certain assets that had reached the end of their useful lives.

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2019

5. ART COLLECTIONS

The art collections include approximately 4,072 works of art held for public exhibition and education. The art collections include the works of Ivan Eyre, Walter J. Phillips, Clarence Tilenius, E.H. Shepard's portrait of Winnie the Pooh and A.A. Milne's book, titled "Now We are Six". The Conservancy did not receive or dispose of any works of art during the year ending December 31, 2019.

	<u>2019</u>	<u>2018</u>
Legacy art collections	\$ 13,559,652	\$ 13,559,652
Other art collections	497,692	497,692
	<u>\$ 14,057,344</u>	<u>\$ 14,057,344</u>

6. EMPLOYEE BENEFITS RECEIVABLE AND ACCRUED EMPLOYEE BENEFITS

Under the Lease and Funding Agreement between the Conservancy and the City, the City is responsible for funding all labour costs associated with CUPE 500 members who were previously employed by the City in Assiniboine Park Zoo and the Conservatory.

Accordingly, included in the employee benefits receivable is an amount due from the City of \$67,498 which represents the vacation pay earned by CUPE 500 employees while they were employed by the City to September 30, 2010.

Under the collective agreements with CUPE 500, employees are also entitled to certain employee benefit payouts on retirement, which will be honored by the Conservancy at a future date when these employees retire.

Included in the employee benefits receivable is an amount of \$144,333 which represents the amount due from the City to fund a sick pay severance liability payable to these employees as of September 30, 2010. Also recorded is the corresponding long-term liability to these employees which will be paid out to them upon retirement. It is expected that insignificant payouts to employees will occur in 2020 and therefore the receivable and liability are both recorded as long-term.

	<u>2019</u>	<u>2018</u>
Vacation pay receivable	\$ 67,498	\$ 67,498
Sick pay severance receivable	144,333	135,280
	<u>\$ 211,831</u>	<u>\$ 202,778</u>

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2019

7. DEFERRED CONTRIBUTIONS - OPERATING

The balance in current deferred contributions – operating at December 31, 2019 represents \$462,187 (2018 - \$227,455) of externally designated funds to be used to offset 2020 operating costs, \$59,595 (2018 - \$152,406) of externally designated funds to be used to offset repairs and maintenance in Leo Mol Gardens, \$181,722 (2018 - \$nil) of funds to be used to offset 2020 costs for education and accessibility and \$379,736 (2018 - \$120,589) of funds to be used to offset 2020 costs of conservation and research activities.

8. NOTES PAYABLE

The Conservancy arranged a loan facility with a financial institution for up to \$20 million for the purpose of bridge financing the construction of the Journey to Churchill and Canada's Diversity Gardens. As at December 31, 2019, the amount owing on the loan is \$1,945,303 (2018 - \$3,500,000). The demand loan is secured by a guarantee signed by the City and, on expiration of the guarantee, is repayable in full by December 31, 2023.

The Conservancy also has a \$500,000 revolving demand facility which is secured by a guarantee signed by the City. As at December 31, 2019 the Conservancy had not drawn on this credit facility.

Interest on these loans is at prime less 0.75%. Principal repayments on notes payable of \$1,945,303 are due on demand in the upcoming year.

9. DEFERRED CONTRIBUTIONS - CAPITAL

During the year, the Conservancy received contributions totaling \$31,932,747 (2018 - \$37,089,560) related to designated capital projects. These restricted contributions are deferred and recognized as revenue on the same basis as the amortization expense related to the designated capital projects.

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 148,340,009	\$ 119,123,436
Contributions received	31,932,747	37,089,560
Amortization of deferred contributions	(7,208,566)	(7,872,987)
Balance, end of year	<u>\$ 173,064,190</u>	<u>\$148,340,009</u>

Pledges made by donors are not recognized as contributions until received from the donor in cash or in kind.

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2019

10. CITY OF WINNIPEG

The City of Winnipeg is a significant operating partner of the Conservancy, providing a significant portion of its operating funding in 2019 through an annual operating grant. The City provides an annual capital grant for the capital refurbishment of existing buildings, exhibits and amenities in the Park. A summary of the City of Winnipeg account balances and transactions as at and for the year ending December 31, 2019 are as follows:

City of Winnipeg balances

As described in Note 6, as at December 31, 2019, the Conservancy has a long-term receivable of \$211,831 (2018 - \$202,778) from the City relating to employee benefits for CUPE 500 employees who were previously employed by the City. The Conservancy also has \$114,896 (2018 - \$114,896) included in accounts receivable as at December 31, 2019 related to these employee benefits.

Included in accounts payable and accrued liabilities at December 31, 2019, are amounts due to the City of \$148,289 (2018 - \$341,855).

City of Winnipeg transactions

During the year, the Conservancy recognized funding received from the City of Winnipeg into operating revenue of \$11,078,000 (2018 - \$10,876,000).

Additionally, during the year, the Conservancy received capital contributions of \$9,851,000 (2018 - \$15,123,000) from the City of Winnipeg. These amounts have been included as deferred contributions – capital, on the balance sheet, and are recognized into revenue consistent with the amount of amortization calculated on the capital assets that the funding was used to acquire.

Included in administration expense are costs paid to the City of \$2,996 (2018 - \$163). Included in insurance is an insurance deductible paid to the City in the amount of \$348 (2018 - \$5,000). Included in operations expense are waste disposal, horticulture, maintenance and fleet costs paid to the City of \$89,477 (2018 - \$88,112). Included in utilities expense are water costs paid to the City of \$497,289 (2018 - \$323,690). Included in wages, benefits and contract services are pension plan benefit costs paid to the City of \$160,175 (2018 - \$183,168).

ASSINIBOINE PARK CONSERVANCY INC.
Notes to Financial Statements
December 31, 2019

11. ENDOWMENTS HELD BY THE WINNIPEG FOUNDATION

The Conservancy is the beneficiary of six endowment funds, held and controlled by the Winnipeg Foundation, as of December 31, 2019. The Winnipeg Foundation retains title to the investments and receives a management fee not to exceed one-half percent of the opening market value of the contributed capital in the Funds at October 1 each year. The Conservancy receives an annual income distribution based on the Foundation's income distribution policy, net of the management fee and investment fees.

The market value of the Funds held on behalf of the Conservancy by The Winnipeg Foundation at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Lyric Program Fund	\$ 88,381	\$ 80,189
Assiniboine Park Bandshell Inc. Fund	294,333	267,052
Assiniboine Park Zoo Endowment Fund	22,112	20,062
Leo Mol Sculpture Garden Fund	321,816	291,899
Assiniboine Park Conservancy Fund	62,449	56,401
ParkShare Endowment Fund	809,131	560,790
	<u>\$ 1,598,222</u>	<u>\$ 1,276,393</u>

The purpose of the Assiniboine Park Bandshell Inc. Fund is to support the ongoing maintenance, operation and programming at the Lyric Theatre. The Lyric program fund supports programs at the Lyric Theatre as well as its general operating and ongoing maintenance, consistent with the purpose of the Assiniboine Park Bandshell Inc. Fund. The Assiniboine Park Zoo Endowment Fund was created by the Zoological Society of Manitoba to enhance the facilities and programs of the Assiniboine Park Zoo. The Leo Mol Sculpture Garden Fund was formed thanks to a generous bequest of Mrs. Margareth Mol, and was created to upkeep, maintain and sustain the Leo Mol Sculpture Garden. The Assiniboine Park Conservancy Fund is to be used at the discretion of the Board of Directors of the Conservancy in accordance with their charitable mandate. Gifts to this fund are pooled and invested to benefit the Conservancy in perpetuity. The ParkShare Endowment Fund is designated to build an endowment that will address the issue of accessibility to Park and Zoo programming, admissions & transportation for children, youth and senior groups facing financial barriers.

During the year, The Winnipeg Foundation distributed \$38,606 (2018 - \$36,537) in income to the Conservancy from these Funds. In addition \$23,243 (2018 - \$17,194) in income for the ParkShare Endowment Fund was capitalized. During the year, Assiniboine Park Conservancy Inc. transferred \$9,051 (2018 - \$32,337) to The Winnipeg Foundation in gifts received from donors in support of the ParkShare Endowment Fund.

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2019

12. CONSERVATION AND RESEARCH

During the year, \$210,142 (2018 - \$101,076) in deferred Conservation and Research grants and restricted gifts were included in revenue to offset current year Conservation and Research expenses of \$210,142 (2018 - \$101,076). In addition, operating funds were used to support Conservation and Research activities including animal rescue, research, salaries and supplies in the amount of \$283,412 (2018 - \$317,923).

In the current year, the Conservancy fundraised and paid funds directly to other Conservation organizations as follows:

	<u>2019</u>	<u>2018</u>
Lake Winnipeg Foundation	\$ 25	\$ 346
Red Panda Network	3,926	3,390
Snow Leopard Trust	5,677	3,640
	<u>\$ 9,628</u>	<u>\$ 7,376</u>

13. INTERFUND TRANSFERS AND INTERNALLY RESTRICTED NET ASSETS

In the current year, \$140,000 (2018 - \$nil) in unrestricted net assets was transferred to the Internally Restricted Fund to support the fiscal stabilization reserve. The internally restricted amounts are not available for unrestricted purposes without approval of the Board of Directors.

14. CAPITAL MANAGEMENT

The objective of the Board of Directors of Assiniboine Park Conservancy Inc., when managing capital, is to safeguard the ability of the Conservancy to continue as a going concern. The Board of Directors considers capital management in two components: First, for the Conservancy's capital activities, capital is raised through government contributions and private sector fundraising. Authorization of capital projects is provided as funding for each redevelopment project is confirmed. Second, for the Conservancy's operating activities, the Board seeks to operate with a modest surplus annually so that sufficient net assets are retained to manage the risk inherent in the Conservancy's expanding operations. The Board of Directors manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. There have been no significant changes to the Board's capital management policy during the past year.

15. NON-MONETARY TRANSACTIONS

During the year, the Conservancy received amounts for operating purposes of \$95,283 (2018 - \$106,131) without consideration.

The transactions were recorded at the fair value of the goods or services received.

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2019

16. PENSION

The Conservancy maintains a defined benefit contribution pension plan for its union employees and a group RRSP plan for its non-union employees.

Employees who are part of the CUPE union are members of the Winnipeg Civic Employees Benefits Program. While the plan is a defined benefit pension plan, it is accounted for as a defined contribution plan given that it is a multi-employer plan which makes it difficult to differentiate the Conservancy's portion.

The Conservancy's pension contribution and expense for the year to the Winnipeg Civic Employees Benefits Program plan and the group RRSP plan was \$712,891 (2018 - \$714,118).

17. COMMITMENTS

The Conservancy has entered into a construction management agreement with a construction company to build Canada's Diversity Gardens in the southeast corner of Assiniboine Park. Under the agreement, the construction manager acts as an agent for the Conservancy and tenders, awards, and enters into all legal agreements with the subcontractors. As at December 31, 2019, the construction manager has numerous contractual agreements with subcontractors relating to Canada's Diversity Gardens. The Conservancy has also entered into an agreement with the prime architect for Canada's Diversity Gardens and with other companies for other ongoing capital projects at the Park. Canada's Diversity Gardens is scheduled to be completed in the 2021.

Total contract values committed to under signed agreements as at December 31, 2019, for work to be completed, is \$29,460,672 (2018 - \$31,789,371). These amounts are to be paid over the construction period of the projects which are expected to be ready for use in future years.

18. FINANCIAL INSTRUMENTS

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. However, the majority of the Conservancy's accounts receivable are from government funding authorities, and the remainder of the accounts receivable are from a large number of Companies which minimizes credit risk.

Interest rate risk

Interest rate risk is the risk that the Conservancy's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. The Conservancy does not use derivative instruments to reduce this risk.

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2019

19. SUBSEQUENT EVENTS

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impacts of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Conservancy in future periods.

As per the Lease and Funding Agreement, the City of Winnipeg operating and capital grants are due to be re-determined after the 2019 funding year. The 2020 operating and capital grants have been approved by Council with no significant changes in funding level. The impact of the redetermination process that will take place in 2020 for funding in 2021 and onward is unknown at this time.