

Financial Statements of

ASSINIBOINE PARK CONSERVANCY INC.

December 31, 2022

Independent Auditor's Report

To the Board of Directors of
Assiniboine Park Conservancy Inc.

Opinion

We have audited the financial statements of Assiniboine Park Conservancy Inc. (the "Conservancy"), which comprise the balance sheet as at December 31, 2022, 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 Conservancy as at December 31, 2022, 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.

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 Conservancy 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 audit 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 Canadian accounting standards for not-for-profit organizations, 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 Conservancy'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 Conservancy or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Conservancy'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 Conservancy'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 Conservancy'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 Conservancy 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 26, 2023


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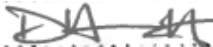
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ASSINIBOINE PARK CONSERVANCY INC.**Balance Sheet****December 31, 2022**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	\$ 25,785,876	\$ 27,009,302
Accounts receivable	1,331,874	1,609,147
Government grants receivable	350,000	3,150,000
Government remittances receivable	495,199	128,771
Inventory	476,738	333,092
Prepaid expenses	673,588	465,139
	29,113,275	32,695,451
ACCOUNTS RECEIVABLE	90,000	45,000
CAPITAL ASSETS (Note 4)	213,532,869	194,362,102
ART COLLECTIONS (Note 5)	14,058,344	14,058,344
EMPLOYEE BENEFITS RECEIVABLE (Note 6)	170,327	162,351
	\$ 256,964,815	\$ 241,323,248
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 13,492,007	\$ 9,730,802
Deferred contributions - operating (Note 7)	920,363	712,800
Deferred revenue	2,189,048	1,346,694
Notes payable (Note 8)	12,975,000	3,121,000
Advance from Province of Manitoba (Note 9)	5,353,889	-
	34,930,307	14,911,296
ADVANCE FROM PROVINCE OF MANITOBA (Note 9)	-	6,858,239
DEFERRED REVENUE	90,000	45,000
DEFERRED CONTRIBUTIONS - CAPITAL (Note 10)	201,627,515	198,311,842
ACCRUED EMPLOYEE BENEFITS (Note 6)	114,801	106,825
	236,762,623	220,233,202
COMMITMENTS (Note 18)		
CONTINGENCIES (Note 19)		
NET ASSETS		
Restricted (Notes 2(c) and 5)	14,058,344	14,058,344
Internally Restricted (Notes 2(f) and 14)	6,127,267	7,015,000
Unrestricted	16,581	16,702
	20,202,192	21,090,046
	\$ 256,964,815	\$ 241,323,248

APPROVED BY THE BOARD

.....  Director

.....  Director

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

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUE		
City of Winnipeg (Note 11)	\$ 12,032,128	\$ 11,710,000
Other operating grants (Note 13)	384,337	369,786
Gifts and sponsorships (Note 12 and 13)	1,575,963	1,775,533
Amortization of deferred contributions	8,375,610	6,730,107
Interest and other income	454,093	129,055
Park revenues	15,277,782	12,073,175
	<u>38,099,913</u>	<u>32,787,656</u>
Direct costs of park revenues (Note 11)	9,289,541	6,686,215
	<u>28,810,372</u>	<u>26,101,441</u>
EXPENSE		
Administration (Note 11)	2,567,351	1,782,777
Amortization of capital assets	7,902,968	6,426,446
Insurance	242,041	218,853
Interest	65,689	17,689
Operations (Note 11)	3,751,943	2,747,867
Utilities (Note 11)	1,683,750	1,434,180
Wages, benefits and contract services (Note 11)	14,701,577	13,079,342
Donation to Winnipeg Foundation - ParkShare (Note 12)	3,469	3,513
	<u>30,918,788</u>	<u>25,710,667</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSE BEFORE OTHER INCOME	<u>(2,108,416)</u>	390,774
OTHER INCOME		
Government subsidies	1,220,562	3,080,557
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSE	<u>\$ (887,854)</u>	<u>\$ 3,471,331</u>

ASSINIBOINE PARK CONSERVANCY INC.
Statement of Changes in Net Assets
Year Ended December 31, 2022

	2022				2021
	Restricted Net Assets	Internally Restricted Net Assets	Unrestricted Net Assets	Total	Total
Balance, beginning of year	\$ 14,058,344	\$ 7,015,000	\$ 16,702	\$ 21,090,046	\$ 17,617,715
Gifts of art (Note 5)	-	-	-	-	1,000
(Deficiency) Excess of revenue over expense	-	-	(887,854)	(887,854)	3,471,331
Interfund transfers (Note 14)	-	(887,733)	887,733	-	-
Balance, end of year	\$ 14,058,344	\$ 6,127,267	\$ 16,581	\$ 20,202,192	\$ 21,090,046

ASSINIBOINE PARK CONSERVANCY INC.

Statement of Cash Flows

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
(Deficiency) Excess of revenue over expense	\$ (887,854)	\$ 3,471,331
Items not affecting cash:		
Amortization of capital assets	7,902,968	6,426,446
Amortization of deferred contributions	(8,375,610)	(6,730,107)
	<u>(1,360,496)</u>	<u>3,167,670</u>
Changes in non-cash operating working capital items:		
Accounts receivable	232,273	(324,800)
Government grants receivable	2,800,000	(3,150,000)
Government remittances receivable	(366,428)	16,457
Inventory	(143,646)	35,447
Prepaid expenses	(208,449)	264,604
Accounts payable and accrued liabilities	2,630,859	1,543,674
Deferred revenue	887,354	641,895
Deferred contributions - operating	207,563	123,623
	<u>4,679,030</u>	<u>2,318,570</u>
FINANCING ACTIVITIES		
Deferred contributions - capital	10,186,933	18,499,349
Proceeds from notes payable	12,975,000	8,975,000
Repayment of notes payable	(3,121,000)	(8,478,632)
Advance from Province of Manitoba	-	10,000,000
Change in employee benefits receivable	(7,976)	(6,298)
Change in accrued employee benefits	7,976	6,298
	<u>20,040,933</u>	<u>28,995,717</u>
INVESTING ACTIVITY		
Acquisition of capital assets	(25,943,389)	(21,070,842)
NET (DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS	(1,223,426)	10,243,445
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	27,009,302	16,765,857
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 25,785,876	\$ 27,009,302

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2022

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 annual operating and capital grants to support the operation and maintenance of the Park.

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 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, 2022

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 - 10 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.

When conditions indicate that an asset no longer contributes to the Conservancy's ability to provide goods and services, or when the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the asset is written down to its fair value or replacement cost.

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, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Conservancy becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Conservancy is in the capacity of management, are initially recognized at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Conservancy in the transaction.

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 contributions – 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 effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest 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.

ASSINIBOINE PARK CONSERVANCY INC.
Notes to Financial Statements
December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Key components of the financial statements requiring the Conservancy to make estimates are the determination of the useful lives of the capital assets, impairment of non-financial assets and contingencies. 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 Conservancy.

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 \$6,782,969 (2021 - \$5,615,212).

4. CAPITAL ASSETS

	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Park facility improvements	\$ 235,703,433	\$ 36,030,358	\$ 199,673,075	\$ 86,649,708
Grounds improvements	14,574,588	10,022,887	4,551,701	3,165,507
Park equipment and systems	28,215,291	19,825,379	8,389,912	5,270,774
Moving equipment	2,778,844	2,092,059	686,785	907,571
Construction in progress	231,396	-	231,396	98,368,542
	\$ 281,503,552	\$ 67,970,683	\$ 213,532,869	\$ 194,362,102

The Province of Manitoba (“the Province”) 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.

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2022

4. CAPITAL ASSETS (continued)

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.

Canada's Diversity Gardens, The Leaf, an indoor horticultural attraction at the Conservancy, was opened to the public on December 3, 2022. Upon the attraction being available for use, \$118,339,126 of costs were moved from construction in progress to park facility improvements, grounds improvements, and park equipment and systems.

5. ART COLLECTIONS

The art collections include approximately 4,073 works of art held for public exhibition and education. The art collections include the works of Ivan Eyre, Walter J. Phillips, Clarence Tillenius, 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, 2022.

	<u>2022</u>	<u>2021</u>
Legacy art collections	\$ 13,559,652	\$ 13,559,652
Other art collections	498,692	498,692
	<u>\$ 14,058,344</u>	<u>\$ 14,058,344</u>

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2022

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 the Assiniboine Park Zoo and the Conservatory.

Accordingly, included in the employee benefits receivable is an amount due from the City of \$55,526 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 \$114,801 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 2023 and therefore the receivable and liability are both recorded as long-term.

	<u>2022</u>	<u>2021</u>
Vacation pay receivable	\$ 55,526	\$ 55,526
Sick pay severance receivable	114,801	106,825
	<u>\$ 170,327</u>	<u>\$ 162,351</u>

7. DEFERRED CONTRIBUTIONS - OPERATING

The balance in deferred contributions – operating at December 31, 2022 represents externally designated funds to be used to offset the following 2023 costs:

	<u>2022</u>	<u>2021</u>
Operating costs	\$ 112,057	\$ 107,336
Repairs and maintenance in Leo Mol Gardens	15,987	17,832
Education and accessibility costs	487,000	246,495
Conservation and research activities	305,319	341,137
	<u>\$ 920,363</u>	<u>\$ 712,800</u>

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2022

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 of December 31, 2022, the amount owing on the loan is \$12,975,000 (2021 - \$3,121,000). 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 of December 31, 2022, the Conservancy had not drawn on this credit facility.

Interest on these loans is at Royal Bank of Canada Prime less 0.75%.

9. ADVANCE FROM PROVINCE OF MANITOBA

In 2021, the Conservancy received a \$10 million contribution from the Province of Manitoba for the development of the Canada's Diversity Gardens project (the "Project"). The terms of this contribution include a matching requirement whereby the Conservancy is entitled to keep \$1 of the contribution for every \$2 in additional funds raised for the Project. In the event that the Conservancy does not raise the full amount of additional funding by March 31, 2023, the Conservancy will be required to repay the unmatched funding. As of December 31, 2022, the amount of unmatched funding which would be required to be repaid is \$5,353,889 (2021 - \$6,858,239).

Subsequent to year-end, the deadline to meet the matching requirement was extended by a year to March 31, 2024. The matching requirement was also reduced so that the Conservancy is entitled to keep \$1 of the contribution for every \$1 in additional funds raised for the Project. Subsequent to year-end, the Conservancy has met all matching requirements.

10. DEFERRED CONTRIBUTIONS - CAPITAL

During the year, the Conservancy received contributions totaling \$11,691,283 (2021 - \$21,641,110) 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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 198,311,842	\$ 183,400,839
Contributions received	10,186,933	18,499,349
Advance from the Province of Manitoba	-	10,000,000
Advance from the Province of Manitoba – Unmatched	-	(6,858,239)
Advance from the Province of Manitoba – Matched	1,504,350	-
Amortization of deferred contributions	(8,375,610)	(6,730,107)
Balance, end of year	<u>\$ 201,627,515</u>	<u>\$ 198,311,842</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, 2022

11. CITY OF WINNIPEG

The City of Winnipeg is a significant operating partner of the Conservancy, providing a significant portion of its operating funding in 2022 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, 2022 are as follows:

City of Winnipeg balances

As described in Note 6, as of December 31, 2022, the Conservancy has a long-term receivable of \$170,327 (2021 - \$162,351) from the City relating to employee benefits for CUPE 500 employees who were previously employed by the City. The Conservancy also has \$126,867 (2021 - \$126,867) included in accounts receivable as of December 31, 2022, related to these employee benefits and \$63,248 (2021 - \$nil) related to a refundable building permit.

Included in accounts payable and accrued liabilities on December 31, 2022, are amounts due to the City of \$74,951 (2021 - \$47,487).

City of Winnipeg transactions

During the year, the Conservancy recognized funding received from the City into operating revenue of \$12,032,128 (2021 - \$11,710,000).

Additionally, during the year, the Conservancy received capital contributions of \$5,400,000 (2021 - \$5,100,000) 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 \$12,394 (2021 - \$2,869). Included in insurance are liability settlements paid to the City in the amount of \$nil (2021 - \$1,750). Included in operations expense are waste disposal, horticulture, maintenance and fleet costs paid to the City of \$114,990 (2021 - \$74,935). Included in utilities expense are water costs paid to the City of \$554,591 (2021 - \$587,531). Included in capital assets are costs paid to the City of \$70,773 (2021 - \$nil).

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

December 31, 2022

12. ENDOWMENTS HELD BY THE WINNIPEG FOUNDATION

The Conservancy is the beneficiary of six endowment funds (the "Funds"), held and controlled by the Winnipeg Foundation, as of December 31, 2022. 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 on October 1 each year. The Conservancy receives an annual income distribution based on the Winnipeg 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 on December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Lyric Program Fund	\$ 86,453	\$ 97,822
Assiniboine Park Bandshell Inc. Fund	287,915	325,779
Assiniboine Park Zoo Endowment Fund	21,630	24,474
Leo Mol Sculpture Garden Fund	314,826	356,227
Assiniboine Park Conservancy Fund	61,317	69,261
ParkShare Endowment Fund	961,719	1,017,563
	<u>\$ 1,733,860</u>	<u>\$ 1,891,126</u>

The Lyric Program Fund supports programs at the Lyric Theatre as well as its general operating and ongoing maintenance. The purpose of the Assiniboine Park Bandshell Inc. Fund is to support the ongoing maintenance, operation and programming at the Lyric Theatre. 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 \$39,202 (2021 - \$40,045) in income to the Conservancy from these Funds. In addition, \$43,138 (2021 - \$39,983) in income for the ParkShare Endowment Fund was capitalized. During the year, Assiniboine Park Conservancy Inc. transferred \$3,469 (2021 - \$3,513) to The Winnipeg Foundation in gifts received from donors in support of the ParkShare Endowment Fund.

ASSINIBOINE PARK CONSERVANCY INC.

Notes to Financial Statements

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13. CONSERVATION AND RESEARCH

During the year, \$211,500 (2021 - \$118,043) in deferred Conservation and Research grants and restricted gifts were included in revenue to offset current year Conservation and Research expenses of \$211,500 (2021 - \$118,043). In addition, operating funds were used to support Conservation and Research activities including animal rescue, research, salaries and supplies in the amount of \$360,855 (2021 - \$325,322).

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

	<u>2022</u>	<u>2021</u>
Red Panda Network	\$ -	\$ 2,595
Snow Leopard Trust	-	1,540
	<u>\$ -</u>	<u>\$ 4,135</u>

14. INTERFUND TRANSFERS AND INTERNALLY RESTRICTED NET ASSETS

In the current year, the Board of Directors approved a transfer of \$887,733 from the Internally Restricted Fund to unrestricted net assets to cover the operating deficit. In 2021, \$3,475,000 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.

15. 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.

16. NON-MONETARY TRANSACTIONS

During the year, the Conservancy received amounts for operating purposes of \$117,987 (2021 - \$79,436) without consideration.

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

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17. 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 \$875,724 (2021 - \$781,795).

18. COMMITMENTS

Total contract values committed to undersigned agreements as of December 31, 2022, for work to be completed, is \$100,000 (2021 - \$8,952,261).

19. CONTINGENCIES

As of December 31, 2022, the Conservancy is seeking resolution on losses and damages incurred in connection to the construction delays related to the Leaf. Management is not able to estimate the likelihood of possible outcome, nor the possible settlement amounts from these matters, and therefore no adjustment or recoverable amount has been recorded in the financial statements.

During the year, a counterclaim was filed against the Conservancy by one of the named defendants in the matter noted above. The claimant is seeking damages for alleged additional design fees related to the completion of the project. Further, the Conservancy has been named as a co-defendant in a claim brought forward by one of the projects subcontractors, who is seeking final payment from the Construction Manager. Last, as a result of various contract settlement disputes between the Conservancy and Construction Manager as well as between the Construction Manager and its subcontractors, liens have been registered against the project as due process in seeking final payment for costs incurred for services and materials provided. The Conservancy has funds set aside for all certified amounts claimed by the Construction Manager. Management is not able to estimate the likelihood of possible outcome, nor the possible settlement amounts from these matters, and therefore no adjustment or recoverable amount has been recorded in the financial statements.

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20. 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 a large number of companies which minimizes credit risk.

Interest rate risk

Interest rate risk is the risk that arises on the Conservancy's earnings from fluctuations in interest rates and the degree of volatility of these rates. The Conservancy is exposed to interest rate risk on its cash and short-term investments and its notes payable. The Conservancy does not use derivative instruments to reduce this risk.

Liquidity risk

Liquidity risk is the risk that the Conservancy will encounter difficulty in meeting obligations associated with financial liabilities. The Conservancy is exposed to liquidity risk primarily from the accounts payable and accrued liabilities and notes payable. The Conservancy's objective is to have sufficient liquidity to meet its liabilities when due.