

CARMAN GOLF AND CURLING CLUB LTD.

Financial Statements

For the Year Ended October 31, 2018

CARMAN GOLF AND CURLING CLUB LTD.

Index to Financial Statements

For the Year Ended October 31, 2018

REVIEW ENGAGEMENT REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 14
Schedules	15 - 17



CHARTERED PROFESSIONAL ACCOUNTANTS
COMPTABLES PROFESSIONNELS AGRÉÉS

REVIEW ENGAGEMENT REPORT

To the Shareholders
Carman Golf and Curling Club Ltd.

We have reviewed the accompanying financial statements of Carman Golf and Curling Club Ltd. that comprise the statement of financial position as at October 31, 2018, and statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

Carman Golf and Curling Club Ltd. derives a portion of its revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Carman Golf and Curling Club Ltd. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended October 31, 2018, current assets as at October 31, 2018, and net assets as at October 31, 2018.

Ashern, MB	204.768.2346	Oak Bluff, MB	204.269.7460
Birtle, MB	204.842.5301	Winnipeg, MB (St. Boniface)	204.987.4875
Notre-Dame-de-Lourdes, MB	204.248.2557	Winnipeg, MB (St. Norbert)	204.269.7460
Steinbach, MB	204.326.6871		

talbotcpa.ca



CHARTERED PROFESSIONAL ACCOUNTANTS
COMPTABLES PROFESSIONNELS AGRÉÉS

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Carman Golf and Curling Club Ltd. as at October 31, 2018 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.

Talbot and Associates
Chartered Professional Accountants

Winnipeg, Manitoba
March 02, 2019

Ashern, MB	204.768.2346	Oak Bluff, MB	204.269.7460
Birtle, MB	204.842.5301	Winnipeg, MB (St. Boniface)	204.987.4875
Notre-Dame-de-Lourdes, MB	204.248.2557	Winnipeg, MB (St. Norbert)	204.269.7460
Steinbach, MB	204.326.6871		

talbotcpa.ca

Carman Golf and Curling Club Ltd.

Statement of Financial Position

As at October 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash and short term investments	\$ 19,475	\$ 21,986
Accounts receivable	30,930	6,284
Inventory	2,000	2,000
Due from government agencies	4,123	-
Prepaid expenses	3,702	4,765
	<u>60,230</u>	<u>35,035</u>
PROPERTY, PLANT AND EQUIPMENT (Note 3)	1,365,230	1,177,645
MAINTENANCE RESERVE FUND (Note 4)	18,297	17,440
	<u>\$ 1,443,757</u>	<u>\$ 1,230,120</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 59,542	\$ 34,788
Due to government agencies	-	16,393
Current portion of callable term debt (Note 6)	68,512	78,299
Deferred income	43,379	38,150
	<u>171,433</u>	<u>167,630</u>
Callable Term Debt (Note 6)	469,476	208,110
	<u>640,909</u>	<u>375,740</u>
DEFERRED CONTRIBUTIONS (Note 7)	30,493	9,350
	<u>671,402</u>	<u>385,090</u>
NET ASSETS		
Share capital (Note 8)	12,250	11,975
Internally restricted - Maintenance reserve funds	18,297	17,440
Unrestricted	741,808	815,615
	<u>760,105</u>	<u>833,055</u>
	<u>\$ 1,443,757</u>	<u>\$ 1,230,120</u>

Approved on Behalf of the Board:

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

Carman Golf and Curling Club Ltd.

Statement of Changes in Net Assets

For the Year Ended October 31, 2018

	Internally Restricted Maintenance Reserves	Unrestricted	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 17,440	\$ 815,615	\$ 833,055	\$ 907,848
Excess (deficiency) of revenues over expenses	3,762	(76,712)	(72,950)	(74,793)
Appropriation of maintenance reserve funds to unrestricted (net)	(2,905)	2,905	-	-
NET ASSETS - END OF YEAR	\$ 18,297	\$ 741,808	\$ 760,105	\$ 833,055

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

Carman Golf and Curling Club Ltd.

Statement of Operations

For the Year Ended October 31, 2018

	2018	2017
REVENUE		
Golf	\$ 570,930	\$ 566,461
Curling	93,267	201,798
Restaurant	78,000	78,247
	<u>742,197</u>	<u>846,506</u>
EXPENSES		
Golf	546,199	564,824
Curling	99,751	196,334
Restaurant	45,586	41,282
	<u>691,536</u>	<u>802,440</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	<u>50,661</u>	<u>44,066</u>
OTHER ITEMS		
Amortization of tangible assets	(129,028)	(119,959)
Amortization of deferred contributions	2,271	1,100
Gain on disposal of tangible capital assets	3,146	-
	<u>(123,611)</u>	<u>(118,859)</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (72,950)</u>	<u>\$ (74,793)</u>

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

Carman Golf and Curling Club Ltd.

Statement of Cash Flows

For the Year Ended October 31, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Deficiency of revenues over expenses for the year	\$ (72,950)	\$ (74,793)
Items not affecting cash:		
Amortization of property, plant and equipment	129,028	119,959
Amortization of deferred contributions	(2,271)	(1,100)
Gain on disposition of tangible capital assets	(3,146)	-
Changes in non-cash working capital:		
Accounts receivable	(24,642)	8,441
Prepaid expenses	1,063	12,707
Accounts payable and accrued liabilities	24,754	(33,016)
Deferred revenue	5,229	22,443
Due to/from government agencies	(20,520)	8,957
	<u>36,545</u>	<u>63,598</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Maintenance reserve fund	(857)	9,674
Additions to tangible capital assets	(324,467)	(29,181)
Proceeds from sale of tangible capital assets	11,000	-
	<u>(314,324)</u>	<u>(19,507)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common shares issued (redemptions)	275	(225)
Proceeds from callable term debt	368,500	200,000
Repayments of callable term debt	(116,921)	(61,570)
Proceeds from deferred contributions	23,414	-
	<u>275,268</u>	<u>138,205</u>
NET CASH INCREASE (DECREASE) FOR THE YEAR	(2,511)	182,296
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	21,986	(160,310)
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	\$ 19,475	\$ 21,986

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

Carman Golf and Curling Club Ltd.

Notes to the Financial Statements

For the Year Ended October 31, 2018

1. NATURE OF ORGANIZATION

The Carman Golf and Curling Club Ltd. is a not-for-profit entity incorporated under the laws of Manitoba and is exempt from income tax under section 149(1) of the *Income Tax Act*.

The Organization, operates in Carman, Manitoba and is engaged in the operation of a golf course and curling club, and the leasing of a restaurant.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The Organization prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

b. Financial instruments

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in income in the period incurred.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in income over the life of the instrument using the straight-line method.

Carman Golf and Curling Club Ltd.

Notes to the Financial Statements

For the Year Ended October 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

c. Use of estimates

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations (ASNPO), we make estimates and assumptions relating to:

- Reported amounts of revenue and expenses
- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities

We base our assumptions on a number of factors including historical experience, current events, actions that the Organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. We use estimates when accounting for certain items such as allowance for doubtful accounts, provision for slow-moving inventories, useful lives of capital assets, impairment of long-lived assets and employee future benefits.

d. Inventories

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

e. Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization and amortized over their estimated useful lives at the following methods and rates:

	Method	Rate
Buildings	straight-line	40 years
Clubhouse	straight-line	40 years
Paving	straight-line	10 years
Equipment	straight-line	10 years
Vehicles	declining balance	15 %

The amortization of the tangible capital assets is calculated half of the above mentioned rates for the year of purchase and no amortization is recorded in the year of disposal.

Carman Golf and Curling Club Ltd.

Notes to the Financial Statements

For the Year Ended October 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

f. Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable insofar the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from green fees and cart rentals is recognized daily upon granting customers access to the facilities.

Revenue from the restaurant and bar is recognized as services are rendered, proportionately over the fiscal period to which they relate.

Revenue from memberships, curling fees and rent are recognized as services are rendered, proportionately over the fiscal period to which they relate.

Revenues from fundraising is recognized when the activity is held.

g. Contributed materials and services

Contributed materials and services, which are used in the normal course of the Organization's operations and would otherwise have been purchased, are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Carman Golf and Curling Club Ltd.

Notes to the Financial Statements

For the Year Ended October 31, 2018

3. TANGIBLE CAPITAL ASSETS

	Cost	Accum Amort.	2018 Net Book Value	2017 Net Book Value
Land	\$ 236,172	\$ -	\$ 236,172	\$ 236,172
Land improvements	59,889	-	59,889	59,889
Buildings	226,646	(182,397)	44,249	49,508
Clubhouse	1,416,463	(949,102)	467,361	502,772
Paving	347,700	(326,129)	21,571	43,141
Equipment	1,140,973	(658,165)	482,808	256,383
Signage	33,254	(5,049)	28,205	27,789
Irrigation	324,730	(324,730)	-	1,991
Vehicles	27,000	(2,025)	24,975	-
	<u>\$3,812,827</u>	<u>\$ (2,447,597)</u>	<u>\$1,365,230</u>	<u>\$ 1,177,645</u>

4. MAINTENANCE RESERVE FUND

The maintenance reserve accounts report the assets, liabilities, revenues, and expenses related to future building maintenance.

The Board of Directors of the Organization have internally restricted funds for the purposes of large maintenance projects. The Organization may not use these internally restricted amounts for any other purposes without the approval of the Board of Directors.

	2018	2017
Balance at beginning of year	\$ 17,440	\$ 27,114
Deposits	13,957	96,332
Interest income earned	109	82
Disbursements and transfers	(13,209)	106,088)
	<u>\$ 18,297</u>	<u>\$ 17,440</u>
The restricted cash consists of:		
ACU - Investment savings (repairs & maintenance)	\$ 16,418	\$ 13,657
ACU - Texas holdem	1,879	3,783
	<u>\$ 18,297</u>	<u>\$ 17,440</u>

Carman Golf and Curling Club Ltd.

Notes to the Financial Statements

For the Year Ended October 31, 2018

5. BANK INDEBTEDNESS

The Organization has an authorized line of credit limit in the amount of \$100,000 from the Access Credit Union bearing interest at the Access Base Rate and floating. The line of credit is secured by real property. At October 31, 2018 the Access base rate was 3.950%. At the Statement of Financial Position date, the Organization had unutilized capacity under its line of credit facility of \$100,000.

Carman Golf and Curling Club Ltd.

Notes to the Financial Statements

For the Year Ended October 31, 2018

6. CALLABLE TERM DEBT

	2018	2017
Access Credit Union mortgage bearing interest at the Access Base Rate, repayable in monthly blended payments of \$2,100. The mortgage is secured by land and buildings. The mortgage matures June 30, 2032.	\$ 227,952	\$ 195,064
Access Credit Union loan bearing interest at 2.750%, repayable in monthly blended payments of \$2,900. The loan matures May 1, 2019 and is secured by promissory note. Loan was extinguished in the year.	-	51,741
Access Credit Union loan bearing interest at 2.750%, repayable in monthly blended payments of \$2,100. The loan matures May 1, 2019 and is secured by promissory note. Loan was extinguished in the year.	-	39,604
Access Credit Union loan bearing interest at the Access Base Rate, repayable in monthly blended payments of \$5,000.00. The loan matures July 1, 2024 and is secured by a Registered General Security Agreement over all assets with a specific interest in the mowing equipment and carts, Registered Real Property First Charge in the amount of \$300,000 over land and buildings, and a promissory note in the amount of \$318,500.	310,036	-
	537,988	286,409
Scheduled repayments	(68,512)	(78,299)
	<u>\$ 469,476</u>	<u>\$ 208,110</u>

Canadian accounting standards for not-for-profit organizations require that loans that the lender can require to be repaid on demand be classified as current liabilities.

Management does not believe that the demand features of the callable debt will be exercised in the current period. Assuming payment of the callable debt is not demanded, regular principal repayments required on all long-term debt for the next five years and thereafter are due as follows:

2019	\$ 68,512
2020	70,903
2021	77,895
2022	80,328
2023	82,403
Subsequent	157,947
	<u>\$ 537,988</u>

Carman Golf and Curling Club Ltd.

Notes to the Financial Statements

For the Year Ended October 31, 2018

7. DEFERRED CONTRIBUTIONS

	Received	Accum. Amort.	2018	2017
Manitoba Community Services Council Inc.	\$ 11,000	\$ 2,750	\$ 8,250	\$ 9,350
Manitoba Community Places Program	10,598	530	10,068	-
Canadian Council of Provincial & Territorial Sport Federations Inc.	12,816	641	12,175	-
	<u>\$ 34,414</u>	<u>\$ 3,921</u>	<u>\$ 30,493</u>	<u>\$ 9,350</u>

8. SHARE CAPITAL

	2018	2017
Issued:		
54 Class A common shares	\$ 1,350	\$ 1,350
450 Class B common shares	10,900	10,625
	<u>\$ 12,250</u>	<u>\$ 11,975</u>

Carman Golf and Curling Club Ltd.

Notes to the Financial Statements

For the Year Ended October 31, 2018

9. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted. The following analysis describes the Organization's risk exposure as at October 31, 2018.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities which is dependent on receipt of funds from operations and continued support by financial institutions providing sufficient operating lending facilities.

Credit risk

The Organization's main credit risks relate to its cash and short-term investments and receivables which are assessed, on a continuous basis, on the basis of amounts for which ultimate collection is reasonably assured based on their estimated realizable value.

Included in the receivables is a grant for \$20,790 which was received shortly after the year-end date.

Interest rate risk

The Organization is exposed to interest rate risk on its floating interest rate financial instruments, which include the line of credit and callable term debt. Floating rate instruments subject the Organization to its cash flow risk.

Carman Golf and Curling Club Ltd.

Statement of Operations - Golf

For the Year Ended October 31, 2018

Schedule 1

	2018	2017
REVENUE		
Memberships	\$ 225,293	\$ 235,420
Green fees	186,983	176,703
Golf cart rental	103,407	92,028
Compound storage	19,753	18,714
Other golf income	15,527	12,651
Trail fees	13,295	13,892
Share initiation	4,225	2,250
Club storage	1,182	1,428
Donations	550	-
Share assessment	525	875
Tickets - Club 100	190	-
Grant	-	12,500
	570,930	566,461
EXPENSES		
Administration and general expenses	4,677	7,725
Advertising and promotion	14,198	7,764
Caretaker	4,980	4,875
Clubhouse	7,159	8,433
Competitions and tournaments	2,949	450
Dumping	80,015	86,834
Employee benefits	29,333	26,288
Equipment rental	11,017	10,739
Insurance	9,775	14,784
Interest	7,286	4,579
Interest and bank charges	10,600	12,195
Membership expense	2,747	5,763
Professional contract	70,586	74,147
Professional fees	4,419	4,898
Property taxes	13,503	15,529
Repairs and maintenance	1,418	28,767
Salaries and wages	209,328	190,157
Sponsorship / member / guest night	2,150	-
Utilities	26,041	27,228
Wages - administration	10,889	10,114
Wages - back shop	7,086	9,387
Wages - general manager	16,043	14,168
	546,199	564,824
EXCESS OF REVENUES OVER EXPENSES	\$ 24,731	\$ 1,637

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

Carman Golf and Curling Club Ltd.

Statement of Operations - Curling Club

For the Year Ended October 31, 2018

Schedule 2

	2018	2017
REVENUE		
Curling league fees	\$ 45,724	\$ 41,908
Fundraising	31,087	130,467
Wall and ice sign	12,300	12,350
Curling non league	2,318	2,375
Ice rental	1,838	2,198
Grant	-	12,500
	93,267	201,798
EXPENSES		
Accounting fees	5,473	3,926
Administration and general expenses	2,625	2,371
Advertising and promotion	855	1,453
Clubhouse	4,878	4,924
Delivery, freight and postage	8,907	39,265
Golf pro fees	-	5,722
Insurance	5,056	7,647
Interest and bank charges	2,933	617
Membership expense	2,657	1,629
Property taxes	5,735	8,051
Rental	227	-
Repairs and maintenance	11,613	69,053
Salaries and wages	33,117	35,748
Sponsorship / member / guest night	2,137	1,132
Utilities	13,419	14,796
Warranty	119	-
	99,751	196,334
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (6,484)	\$ 5,464

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

Carman Golf and Curling Club Ltd.

Statement of Operations - Restaurant

For the Year Ended October 31, 2018

Schedule 3

	2018	2017
REVENUE		
Kitchen - Rent	\$ 78,000	\$ 78,247
EXPENSES		
Advertising and promotion	-	18
Clubhouse	7,973	4,359
Insurance	2,022	3,059
Interest	1,872	-
Office expenses	64	102
Professional fees	1,116	2,388
Property taxes	4,039	4,181
Repairs and maintenance	1,960	425
Salaries and wages	3,299	3,272
Utilities	23,241	23,478
	<u>45,586</u>	<u>41,282</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 32,414</u>	<u>\$ 36,965</u>

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