

**Carman Golf and Curling Club Ltd.**

**Financial Statements**

**October 31, 2019**

# Carman Golf and Curling Club Ltd.

October 31, 2019

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**George & Associates Chartered Professional Accountants Inc.**  
**Box 567, 113 2nd Street SW**  
**Carman, Manitoba**  
**R0G 0J0**  
**Review Engagement Report**

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To the Board  
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, 2019, and the 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.

*Conclusion*

Based on our review, 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, 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.



**George & Associates Chartered Professional Accountants Inc.**

Carman, Manitoba  
February 12, 2020

# Carman Golf and Curling Club Ltd.

## Statement of Financial Position

October 31, 2019

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	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
<b>Cash and short term investments</b>		
Unrestricted	\$ 665	\$ 19,475
Restricted (note 6)	8,423	18,297
Accounts receivable	20,063	30,930
Inventory	2,000	2,000
Due from government agencies	-	4,125
Prepaid expenses	24,674	3,702
	<u>55,825</u>	<u>78,529</u>
<b>Property, Plant and Equipment (notes 2 and 3)</b>		
Cost	3,859,465	3,807,779
Accumulated amortization	(2,579,409)	(2,442,549)
	<u>1,280,056</u>	<u>1,365,230</u>
<b>Total Assets</b>	<u>\$ 1,335,881</u>	<u>\$ 1,443,759</u>

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

# Carman Golf and Curling Club Ltd.

## Statement of Financial Position

October 31, 2019

	2019	2018
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Bank indebtedness (note 4)	\$ 38,728	\$ -
Accounts payable and accrued liabilities	53,696	59,543
Due to government agencies	3,431	-
Current portion of callable term debt (note 7)	67,107	68,512
Deferred income	35,016	43,379
	<u>197,978</u>	<u>171,434</u>
<b>Long-term Liabilities</b>		
Callable term debt (note 7)	406,280	469,477
Deferred contributions (note 5)	51,064	30,493
	<u>457,344</u>	<u>499,970</u>
<b>Total Liabilities</b>	<u>655,322</u>	<u>671,404</u>
<b>Net Assets</b>		
Share capital (note 9)	9,675	12,250
Internally restricted - Maintenance reserve fund	8,423	18,297
Unrestricted	662,461	741,808
	<u>680,559</u>	<u>772,355</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,335,881</u>	<u>\$ 1,443,759</u>

### Approved on Behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

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, 2019

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	<b>Internally Restricted Maintenance Reserve</b>	<b>Unrestricted</b>	<b>2019</b>	<b>2018</b>
Balance, beginning of year	\$ 18,297	\$ 741,808	\$ 760,105	\$ 833,055
Excess (deficiency) of revenues over expenses	124	(89,345)	(89,221)	(72,950)
Appropriation of maintenance reserve funds to unrestricted (net)	(9,998)	9,998	-	-
<b>Balance, end of year</b>	<b>\$ 8,423</b>	<b>\$ 662,461</b>	<b>\$ 670,884</b>	<b>\$ 760,105</b>

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, 2019

	2019	2018
<b>Revenue</b>		
Golf	\$ 575,368	\$ 570,740
Curling	85,398	93,457
Restaurant	78,275	78,000
	<u>739,041</u>	<u>742,197</u>
<b>Expenses</b>		
Golf	551,573	546,199
Curling	98,128	99,751
Restaurant	42,090	45,586
	<u>691,791</u>	<u>691,536</u>
<b>Excess of revenue over expenses before other items</b>	<u>47,250</u>	<u>50,661</u>
<b>Other items</b>		
Amortization of tangible assets	(140,589)	(129,028)
Amortization of deferred contributions	4,118	2,271
Gains on disposal of tangible capital assets	-	3,146
	<u>(136,471)</u>	<u>(123,611)</u>
<b>Deficiency of revenue over expenses for the year</b>	<u>\$ (89,221)</u>	<u>\$ (72,950)</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, 2019

	2019	2018
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES:</b>		
Deficiency of revenues over expenses for the year	\$ (89,221)	\$ (72,950)
<b>Items not affecting cash</b>		
Amortization of property, plant and equipment	140,587	129,028
Amortization of deferred contributions	(4,118)	(2,271)
(Gain) loss on disposal of assets	-	(3,146)
<b>Changes in non-cash working capital</b>		
Accounts receivable	10,867	(24,642)
Prepaid expenses	(20,972)	1,063
Accounts payable and accrued liabilities	(5,846)	24,754
Deferred revenue	(8,363)	5,229
Due to/from government agencies	7,556	(20,520)
<b>TOTAL CASH FLOWS FROM (TO) OPERATING ACTIVITIES</b>	<b>30,490</b>	<b>36,545</b>
<b>CASH FLOWS FROM (TO) INVESTING ACTIVITIES:</b>		
Maintenance reserve fund	9,874	(857)
Additions to tangible capital assets	(56,215)	(324,467)
Proceeds from sale of tangible capital assets	800	11,000
<b>TOTAL CASH FLOW FROM (TO) INVESTING ACTIVITIES</b>	<b>(45,541)</b>	<b>(314,324)</b>
<b>CASH FLOWS FROM (TO) FINANCING ACTIVITIES:</b>		
Common shares issued (redemptions)	(2,575)	275
Proceeds from callable term debt	-	368,500
Repayments of callable term debt	(64,601)	(116,921)
Proceeds from deferred contributions	24,689	23,414
<b>TOTAL CASH FLOW FROM (TO) FINANCING ACTIVITIES</b>	<b>(42,487)</b>	<b>275,268</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(57,538)</b>	<b>(2,511)</b>
Cash and cash equivalents at beginning of year	19,475	21,986
<b>Cash and cash equivalents at end of year</b>	<b>\$ (38,063)</b>	<b>\$ 19,475</b>

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, 2019

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### 1 Purpose of the Organization

Carman Golf and Curling Club Ltd. is a not-for-profit organization 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 presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### b. Use of Estimates

The preparation of financial statements in accordance 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined.

The significant items subject to such estimates and assumptions include valuation of accounts receivable, inventory and the estimated useful life of buildings and equipment. Actual results could differ from those estimates.

#### c. Financial instruments

Measurement of financial instruments:

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.

#### d. Inventory

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

# Carman Golf and Curling Club Ltd.

## Notes to the Financial Statements

For the Year Ended October 31, 2019

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### 2 Significant accounting policies continued

#### e. Property, Plant and Equipment

Property, plant and equipment are stated at cost and amortized over their estimated useful lives using the following methods and annual rates:

	<b>Rate</b>	<b>Method</b>
Buildings	40 years	straight line
Clubhouse	40 years	straight line
Paving	10 years	straight line
Equipment	10 years	straight line
Vehicles	15%	declining balance

A half year's amortization is taken in the year of acquisition and no amortization is recorded in the year of disposal.

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

Revenues from fundraising are recognized when the activity is held.

#### g. Contributed materials and services

Contributed services or materials, the fair value of which are difficult to determine are not recognized in the financial statements.

# Carman Golf and Curling Club Ltd.

## Notes to the Financial Statements

For the Year Ended October 31, 2019

### 3 Property, Plant and Equipment

	2019	2019	2019	2018
	Cost	Accumulated Amortization	Net Value	Net Value
Land	\$ 236,172	\$ -	\$ 236,172	\$ 236,172
Land improvements	59,889	-	59,889	59,889
Buildings	226,646	(187,656)	38,990	44,249
Clubhouse	1,456,870	(985,019)	471,851	467,361
Paving	347,700	(347,700)	-	21,571
Equipment	1,147,914	(728,533)	419,381	482,808
Signage	32,544	-	32,544	28,205
Irrigation	324,730	(324,730)	-	-
Vehicles	27,000	(5,771)	21,229	24,975
	<u>\$ 3,859,465</u>	<u>\$ (2,579,409)</u>	<u>\$ 1,280,056</u>	<u>\$ 1,365,230</u>

### 4 Bank indebtedness

The organization has an authorized line of credit in the amount of \$100,000 from the Access Credit Union, bearing interest at the Access Base Rate and floating. At October 31, 2019 the Access base rate was 3.950%.

The line of credit is secured by real property.

# Carman Golf and Curling Club Ltd.

## Notes to the Financial Statements

For the Year Ended October 31, 2019

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### 5 Deferred contributions

Deferred contributions related to capital assets include the unamortized portions of contributed capital assets and restricted contributions that will be used for the purchase of capital assets.

The changes for the year in the deferred contributions balance are as follows:

	<u>2019</u>	<u>2018</u>
Deferred contributions, beginning of period	\$ 30,493	\$ 8,250
Amounts received during the year related to future years	24,689	23,414
Recognized as revenue in the year	<u>(4,118)</u>	<u>(1,171)</u>
<b>Deferred contributions, end of period</b>	<b><u>\$ 51,064</u></b>	<b><u>\$ 30,493</u></b>

The deferred contributions are from the following:

	<u>2019</u>	<u>2018</u>
Manitoba Community Services Council Inc.	\$ 7,150	\$ 8,250
Manitoba Community Places Program	9,008	10,068
Canadian Council of Provincial & Territorial Sport Federations Inc.	10,894	12,175
Access Credit Union Grant	2,850	-
Manitoba Sports Trust Fund	6,484	-
Manitoba Hydro Grant	12,190	-
Member Capital Contributions	<u>2,488</u>	<u>-</u>
	<b><u>\$ 51,064</u></b>	<b><u>\$ 30,493</u></b>

# Carman Golf and Curling Club Ltd.

## Notes to the Financial Statements

For the Year Ended October 31, 2019

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### 6 Maintenance reserve fund

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.

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 18,297	\$ 17,440
Deposits	38,432	13,957
Interest income earned	124	109
Disbursements and transfers	<u>(48,430)</u>	<u>(13,209)</u>
	<u>\$ 8,423</u>	<u>\$ 18,297</u>
<b>The restricted cash consists of:</b>		
ACU - Investment savings (repairs & maintenance)	\$ 3,026	\$ 16,418
ACU - Texas holdem	<u>5,397</u>	<u>1,879</u>
	<u>\$ 8,423</u>	<u>\$ 18,297</u>

# Carman Golf and Curling Club Ltd.

## Notes to the Financial Statements

For the Year Ended October 31, 2019

### 7 Long-term debt

Long-term debt consists of the following:

	2019	2018
Access Credit Union	\$ 212,032	\$ 227,952
Interest at Access Base Rate per annum, repayable in monthly blended payments of \$2,050, due June 30, 2032 and secured by land and buildings.		
Access Credit Union	261,355	310,036
Interest at Access Base Rate per annum, repayable in monthly payments of \$5,000 including interest, due July 1, 2024, 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.		
<b>Total debt</b>	<b>473,387</b>	537,988
Current portion of long-term debt	<b>(67,107)</b>	(68,512)
<b>Long-term portion of debt</b>	<b>\$ 406,280</b>	\$ 469,476

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 principle repayments required on all long-term debt over the next five years and thereafter are as follows:

Year	Amount
2020	\$ 67,107
2021	69,807
2022	72,615
2023	75,535
2024	65,818
Subsequent	122,505
<b>Total</b>	<b>\$ 473,387</b>

### 8 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, 2019.

# Carman Golf and Curling Club Ltd.

## Notes to the Financial Statements

For the Year Ended October 31, 2019

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### 8 Financial instruments continued

#### 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 collections is reasonably assured based on their estimated realizable value.

#### 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.

### 9 Share capital

	<u>2019</u>	<u>2018</u>
54 Class A common shares	\$ 500	\$ 1,350
367 Class B common shares	9,175	10,900
<b>Total</b>	<u>\$ 9,675</u>	<u>\$ 12,250</u>

# Carman Golf and Curling Club Ltd.

## Statement of Operations - Golf

For the Year Ended October 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Memberships	\$ 230,052	\$ 225,293
Green fees	180,111	186,983
Golf cart rentals	104,191	103,407
Compound storage	19,194	19,753
Other golf income	22,918	15,527
Trail fees	11,191	13,295
Share initiation	4,080	4,225
Club storage	1,716	1,182
Donations	15	550
Share assessment	1,900	525
	<u>575,368</u>	<u>570,740</u>
<b>Expenses</b>		
Accounting fees	5,383	4,419
Administration and general expenses	5,007	4,677
Advertising and promotion	14,619	14,198
Caretaker	6,240	4,980
Clubhouse	7,851	7,159
Competitions and tournaments	2,524	2,949
Employee benefits	25,962	29,333
Equipment rental	8,688	11,017
Insurance - general	10,386	9,775
Interest and bank charges	9,756	10,282
Interest on mortgages	19,999	7,286
Membership expense	6,693	2,747
Penalties and interest	-	318
Professional contract	71,305	70,586
Property taxes	13,196	13,503
Repairs and maintenance - equipment	-	1,418
Repairs and maintenance - grounds	80,273	80,015
Salaries and wages	200,209	209,328
Sponsorship / member / guest night	584	2,150
Utilities	26,554	26,041
Wages - administration	12,335	10,889

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



# Carman Golf and Curling Club Ltd.

## Statement of Operations - Golf

For the Year Ended October 31, 2019

	<u>2019</u>	<u>2018</u>
Wages - back shop	9,009	7,086
Wages - general manager	<u>15,000</u>	<u>16,043</u>
	<u>551,573</u>	<u>546,199</u>
Excess (deficiency) of revenues over expenses	<u>\$ 23,795</u>	<u>\$ 24,541</u>

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

# Carman Golf and Curling Club Ltd.

## Statement of Operations - Curling

For the Year Ended October 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Curling league fees	\$ 45,783	\$ 45,724
Fundraising	21,507	31,277
Wall and ice sign	13,425	12,300
Curling non league	2,085	2,318
Ice rental	2,598	1,838
	<u>85,398</u>	<u>93,457</u>
<b>Expenses</b>		
Accounting fees	3,262	5,473
Administration and general expenses	2,275	2,625
Advertising and promotion	665	855
Clubhouse	7,707	4,878
Delivery, freight and postage	8,627	8,907
Insurance	5,372	5,056
Interest and bank charges	516	2,933
Membership expense	1,778	2,657
Property taxes	5,914	5,735
Rental	-	227
Repairs and maintenance - equipment	12,912	11,613
Salaries and wages	31,809	33,117
Sponsorship / member / guest night	-	2,137
Utilities	16,771	13,419
Warranty	520	119
	<u>98,128</u>	<u>99,751</u>
Excess (deficiency) of revenues over expenses	<u>\$ (12,730)</u>	<u>\$ (6,294)</u>

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, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Rental	\$ 78,275	\$ 78,000
<b>Expenses</b>		
Accounting fees	1,538	1,116
Administration and general expenses	13	64
Clubhouse	6,546	7,973
Insurance	2,149	2,022
Interest and bank charges	-	1,872
Property taxes	3,642	4,039
Repairs and maintenance - equipment	86	1,960
Salaries and wages	4,365	3,299
Utilities	23,751	23,241
	<u>42,090</u>	<u>45,586</u>
Excess (deficiency) of revenues over expenses	<u>\$ 36,185</u>	<u>\$ 32,414</u>

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