

KAPUSKASING GOLF CLUB

**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2022

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the board of directors of
Kapuskasing Golf Club

We have reviewed the accompanying financial statements of Kapuskasing Golf Club that comprise the statement of financial position as at December 31, 2022 and the statements of operations and accumulated surplus 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

Under Canadian accounting standards for not-for-profit organizations, the organization is required to capitalize its property and equipment and amortize it over its useful life. As described in note 2, property and equipment, except for those financed by loan or through a capital lease, are charged to current operations in the year they are purchased. Also, property and equipment is amortized annually by an amount equal to the principal reduction in the related long-term debt or capital lease, instead of over its useful life. We have not determined the extent of adjustments which might be necessary to revenues and expenses, surplus (deficit) for the year or the accumulated surplus as a result of this departure from Canadian accounting standards for not-for-profit organizations.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, (CONT'D)

Qualified Conclusion

Based on our review, except for the 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 Kapuskasing Golf Club as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Baker Tilly HKC

Chartered Professional Accountants

Licensed Public Accountants

March 20, 2023

KAPUSKASING GOLF CLUB

FINANCIAL STATEMENTS

As at DECEMBER 31, 2022

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KAPUSKASING GOLF CLUB

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
REVENUES			
Operating revenues, schedule 1	\$ 306,772	\$ 360,671	\$ 315,321
Other revenues, schedule 2	21,050	268,569	133,562
Kitchen operations, schedule 3	51,000	78,527	46,666
Bar operations, schedule 4	121,450	174,526	127,237
Tournaments and games, schedule 5	50,500	48,130	52,089
Pro shop operations, schedule 6	155,550	200,993	210,759
Simulator operations, schedule 7	40,000	42,467	21,414
	746,322	1,173,883	907,048
EXPENSES			
Kitchen operations, schedule 3	34,000	62,172	30,345
Bar operations, schedule 4	55,239	81,615	59,465
Tournaments and games, schedule 5	37,450	37,156	45,437
Pro shop operations, schedule 6	114,700	144,896	151,577
Simulator operations, schedule 7	20,000	22,189	8,941
Building expenses, schedule 8	16,150	17,208	18,708
Course and equipment maintenance, schedule 9	57,421	41,523	47,384
Debt charges, schedule 10	38,940	38,940	38,940
Other expenses, schedule 11	18,713	22,279	18,454
Premiums, schedule 12	27,650	30,317	30,589
Salaries and benefits, schedule 13	298,409	334,792	286,044
Services, schedule 14	20,800	24,752	19,151
Supplies, schedule 15	6,850	10,051	8,945
	746,322	867,890	763,980
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	-	305,993	143,068
CAPITAL EXPENDITURES, schedule 16	-	333,454	33,761
SURPLUS (LOSS) FOR THE YEAR	-	(27,461)	109,307
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	297,162	187,855
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 269,701	\$ 297,162

KAPUSKASING GOLF CLUB
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 147,236	\$ 206,338
Term deposit (note 3)	82,262	82,031
Accounts receivable (note 4)	43,154	3,912
Inventory (note 5)	48,302	27,055
Prepaid expenses	8,582	10,075
	<u>329,536</u>	<u>329,411</u>
PROPERTY AND EQUIPMENT (note 6)	<u>70,059</u>	<u>103,951</u>
	<u>\$ 399,595</u>	<u>\$ 433,362</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 40,327	\$ 26,326
Government remittances payable	19,508	5,923
Current portion of capital lease obligation	35,803	33,892
	<u>95,638</u>	<u>66,141</u>
CAPITAL LEASE OBLIGATION (note 7)	<u>34,256</u>	<u>70,059</u>
	<u>129,894</u>	<u>136,200</u>
ACCUMULATED SURPLUS	<u>269,701</u>	<u>297,162</u>
	<u>\$ 399,595</u>	<u>\$ 433,362</u>

KAPUSKASING GOLF CLUB**STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Surplus (loss) for the year	\$ (27,461)	\$ 109,307
Items not involving cash:		
Principal repayments on capital lease obligation (amortization)	33,892	32,084
Forgiven portion of CEBA loan	-	(20,000)
	6,431	121,391
Changes in:		
Accounts receivable	(39,242)	5,140
Inventory	(21,247)	(3,583)
Prepaid expenses	1,493	(3,975)
Accounts payable and accrued liabilities	14,001	(2,334)
Government remittances payable	13,585	(5,084)
	(24,979)	111,555
FINANCING ACTIVITIES		
Principal repayments on capital lease obligation	(33,892)	(32,084)
Proceeds of long-term debt	-	20,000
Repayments of long-term debt	-	(40,000)
	(33,892)	(52,084)
CHANGE IN CASH POSITION	(58,871)	59,471
CASH POSITION, BEGINNING OF YEAR	288,369	228,898
CASH POSITION, END OF YEAR	\$ 229,498	\$ 288,369
CASH POSITION CONSISTS OF:		
Cash	\$ 147,236	\$ 206,338
Term deposit	82,262	82,031
	\$ 229,498	\$ 288,369

KAPUSKASING GOLF CLUB

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. STATUS AND NATURE OF OPERATIONS

Kapuskasing Golf Club is a non-profit organization incorporated under the Ontario Corporations Act for the purpose of providing recreational golfing facilities for its members.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

ACCRUAL BASIS OF ACCOUNTING

Revenue and expenses are recorded on the accrual basis of accounting under which they are recorded in the financial statements in the period they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money

REVENUE RECOGNITION

Membership revenues, cart tracking fees and locker rentals are recorded at the time a member requests a membership and signs a membership agreement.

Green fees, cart rentals and tournament revenues are recorded when an individual utilizes the facilities or when the services are provided.

Pro shop sales, bar sales and restaurant sales are recorded as the product is provided to customers and recorded in the point-of-sale system.

Government assistance is recognized as revenue in the year in which the related expenses are incurred if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recorded when received.

INVENTORY

Inventories consists of bar and restaurant inventory, course fertilizers and pro shop supplies. Bar, restaurant and pro shop supplies are measured at the lower of cost and net realizable value. Course fertilizers are measured at cost and represent a pre-purchase of fertilizer for the next season.

PROPERTY AND EQUIPMENT

Property and equipment, except for those financed by long-term debt or through a capital lease obligation, are charged to current operations in the year they are purchased and reported as capital expenditures on the statement of operations.

KAPUSKASING GOLF CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

PROPERTY AND EQUIPMENT, (CONT'D)

Property and equipment financed by long-term debt or financed through a capital lease obligation are recorded at cost and amortized annually by an amount equal to the principal reduction in the related long-term debt or capital lease obligation. These are reported as principal repayments on long-term debt / capital lease obligation (amortization) under the Schedule of Debt Charges.

FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial instruments measured at amortized cost include cash, term deposits, accounts receivable, accounts payable and accrued liabilities and capital lease obligation payable. There are no financial instruments measured at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment at the end of each year to determine whether there are indicators that the assets may be impaired. The amount of identified impairment, if any, is recorded as a write-down and recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost.

MEASUREMENT UNCERTAINTY

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: inventory obsolescence and accrued liabilities. Actual results may differ from management's best estimates as additional information becomes available in the future.

KAPUSKASING GOLF CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. TERM DEPOSIT

	2022	2021
Term deposit earning interest at 4.1% maturing in August 2023	\$ 82,262	\$ 82,031

4. ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivable	\$ 17,318	\$ 205
HST receivable	12,922	3,121
Vendor credits	12,914	586
	<u>\$ 43,154</u>	<u>\$ 3,912</u>

5. INVENTORY

	2022	2021
Bar and restaurant supplies	\$ 3,032	\$ 9,872
Course supplies	12,057	5,775
Pro shop supplies	33,213	11,408
	<u>\$ 48,302</u>	<u>\$ 27,055</u>

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2021 Net	2020 Net
Equipment under capital lease	\$ 221,350	\$ 151,291	\$ 70,059	\$ 103,951

KAPUSKASING GOLF CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

7. CAPITAL LEASE OBLIGATION

	<u>2022</u>	<u>2021</u>
Capital lease payable in 6 monthly payments of \$6,490 from May to October, bearing interest at 5.5%, due in October 2024, secured by equipment with and net book value of \$70,059	\$ 70,059	\$ 103,951
Current portion	<u>35,803</u>	<u>33,892</u>
	<u>\$ 34,256</u>	<u>\$ 70,059</u>
The lease payments to be paid over the next two fiscal years are as follows:		
2023	\$ 38,940	
2024	<u>38,940</u>	
Interest	<u>77,880</u>	
	<u>(7,821)</u>	
	<u>\$ 70,059</u>	

8. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

The organization is exposed to various financial risks through transactions in financial instruments. The following provides information in assessing the extent of the organization's exposure to these risks.

CREDIT RISK

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. In the opinion of management the credit risk exposure to the organization is low and not material.

LIQUIDITY RISK

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the organization is low and not material.

KAPUSKASING GOLF CLUB**SCHEDULES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022****SCHEDULE OF OPERATING REVENUES****Schedule 1**

	2022	2022	2021
	Budget	Actual	Actual
Memberships	\$ 193,260	\$ 221,352	\$ 188,143
Green fees	45,000	60,952	57,249
Cart tracking and storage	19,348	18,091	19,025
Cart rental	28,500	38,139	31,646
Locker rental	2,700	2,750	2,700
Club storage	17,964	19,387	16,558
	\$ 306,772	\$ 360,671	\$ 315,321

SCHEDULE OF OTHER REVENUES**Schedule 2**

	2022	2022	2021
	Budget	Actual	Actual
Government assistance	\$ 15,000	\$ 250,051	\$ 128,720
Other revenues	6,050	7,968	4,842
Tree Legacy Project revenues	-	10,550	-
	\$ 21,050	\$ 268,569	\$ 133,562

SCHEDULE OF KITCHEN OPERATIONS**Schedule 3**

	2022	2022	2021
	Budget	Actual	Actual
SALES	\$ 51,000	\$ 78,527	\$ 46,666
COST OF SALES	34,000	62,172	30,345
GROSS MARGIN	\$ 17,000	\$ 16,355	\$ 16,321

KAPUSKASING GOLF CLUB**SCHEDULES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022****SCHEDULE OF BAR OPERATIONS****Schedule 4**

	2022 Budget	2022 Actual	2021 Actual
SALES	\$ 121,450	\$ 174,526	\$ 127,237
COST OF SALES	55,239	81,615	59,465
GROSS MARGIN	\$ 66,211	\$ 92,911	\$ 67,772

SCHEDULE OF TOURNAMENTS AND GAMES**Schedule 5**

	2022 Budget	2022 Actual	2021 Actual
REVENUES	\$ 50,500	\$ 48,130	\$ 52,089
EXPENSES	37,450	37,156	45,437
NET INCOME	\$ 13,050	\$ 10,974	\$ 6,652

SCHEDULE OF PRO SHOP OPERATIONS**Schedule 6**

	2022 Budget	2022 Actual	2021 Actual
SALES	\$ 155,550	\$ 200,993	\$ 210,759
COST OF SALES	114,700	144,896	151,577
GROSS MARGIN	\$ 40,850	\$ 56,097	\$ 59,182

KAPUSKASING GOLF CLUB**SCHEDULES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022****SCHEDULE OF SIMULATOR OPERATIONS****Schedule 7**

	2022 Budget		2022 Actual		2021 Actual
REVENUES	\$ 40,000	\$	42,467	\$	21,414
EXPENSES	20,000		22,189		8,941
NET INCOME	\$ 20,000	\$	20,278	\$	12,473

SCHEDULE OF BUILDING EXPENSES**Schedule 8**

	2022 Budget		2022 Actual		2021 Actual
Building maintenance	\$ 14,400	\$	13,539	\$	14,562
Club storage maintenance	1,000		1,135		2,713
Furnishings	750		2,534		1,433
	\$ 16,150	\$	17,208	\$	18,708

SCHEDULE OF COURSE AND EQUIPMENT MAINTENANCE**Schedule 9**

	2022 Budget		2022 Actual		2021 Actual
Fertilizer and seed	\$ 14,686	\$	7,883	\$	15,831
Fuel and oil	8,900		13,738		7,340
Irrigation system	2,500		341		5,247
Equipment maintenance	9,200		11,299		6,644
Course maintenance	22,135		8,262		12,322
	\$ 57,421	\$	41,523	\$	47,384

KAPUSKASING GOLF CLUB**SCHEDULES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022****SCHEDULE OF DEBT CHARGES****Schedule 10**

	2022		2022		2021
	Budget		Actual		Actual
Interest on long-term debt	\$ 5,048	\$	5,048	\$	6,856
Principal repayments on capital lease obligation (amortization)	33,892		33,892		32,084
	<u>\$ 38,940</u>	\$	<u>38,940</u>	\$	<u>38,940</u>

SCHEDULE OF OTHER EXPENSES**Schedule 11**

	2022		2022		2021
	Budget		Actual		Actual
Interest and bank charges	\$ 9,300	\$	10,302	\$	9,215
Advertising and promotion	3,100		(482)		2,816
Freight	2,100		1,597		2,048
Other expenses	4,213		1,521		4,375
Tree Legacy Project expenses	-		9,341		-
	<u>\$ 18,713</u>	\$	<u>22,279</u>	\$	<u>18,454</u>

SCHEDULE OF PREMIUMS**Schedule 12**

	2022		2022		2021
	Budget		Actual		Actual
Insurance	\$ 13,000	\$	15,973	\$	12,690
Accounting	5,500		7,400		8,950
Leasing, dues and licenses	3,250		5,056		3,138
Software and website	5,900		1,888		5,811
	<u>\$ 27,650</u>	\$	<u>30,317</u>	\$	<u>30,589</u>

KAPUSKASING GOLF CLUB

SCHEDULES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF SALARIES AND BENEFITS

Schedule 13

	2022 Budget	2022 Actual	2021 Actual
Club professional and manager	\$ 94,793	\$ 97,052	\$ 100,829
Pro shop	24,854	32,468	27,140
Office and treasurer	8,708	8,618	8,385
Course crew and mechanic	85,875	86,754	89,383
Restaurant	19,778	33,987	18,638
Bar	23,914	27,151	20,339
Club storage	19,612	22,294	15,850
Simulator	20,875	26,468	5,480
	<u>\$ 298,409</u>	<u>\$ 334,792</u>	<u>\$ 286,044</u>

SCHEDULE OF SERVICES

Schedule 14

	2022 Budget	2022 Actual	2021 Actual
Heat	\$ 3,300	\$ 6,924	\$ 3,115
Electricity	10,000	11,096	9,685
Telephone and cable	4,500	3,780	4,269
Water	1,500	472	882
Snow removal	1,500	2,480	1,200
	<u>\$ 20,800</u>	<u>\$ 24,752</u>	<u>\$ 19,151</u>

SCHEDULE OF SUPPLIES

Schedule 15

	2022 Budget	2022 Actual	2021 Actual
Housekeeping supplies	\$ 1,600	\$ 3,199	\$ 1,455
Office supplies	4,300	4,447	4,124
Scorecards	950	1,702	834
Safety supplies	-	703	2,532
	<u>\$ 6,850</u>	<u>\$ 10,051</u>	<u>\$ 8,945</u>

KAPUSKASING GOLF CLUB
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CAPITAL EXPENDITURES

Schedule 16

	2022	2022	2021
	Budget	Actual	Actual
Capital renovations project	\$ -	\$ 288,970	\$ -
Course equipment	-	-	12,968
Golf carts and truckster	-	17,000	20,793
Golf simulator	-	24,952	-
Kitchen equipment	-	2,532	-
	\$ -	\$ 333,454	\$ 33,761