

QUALICUM BEACH MEMORIAL GOLF CLUB
Financial Statements
Year ended February 28, 2023

**Qualicum Beach Memorial Golf Club
Financial Statements
February 28, 2023**

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"It's not what you earn, it's what you keep!"

INDEPENDENT AUDITOR'S REPORT

To the board of directors of
Qualicum Beach Memorial Golf Club

Opinion

We have audited the accompanying financial statements of Qualicum Beach Memorial Golf Club, which comprise the statement of financial position as at February 28, 2023, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at February 28, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Society'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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

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INDEPENDENT AUDITOR'S REPORT, continued

- ◆ 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 Society'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 Society'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 Society 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

McIntosh Norton Williams

McINTOSH | NORTON | WILLIAMS
chartered professional accountants

Qualicum Beach, B.C.
May 4, 2023

**Qualicum Beach Memorial Golf Club
Statement of Operations
Year ended February 28, 2023**

	2023 \$	2022 \$
Revenues		
Green fees	508,608	527,495
Members' dues	440,243	420,934
Tournament fees	50,664	44,465
Facilities rental	49,447	28,214
Entrance fees	31,300	36,700
Storage fees	15,357	4,650
Interest and other income	3,135	3,512
	<u>1,098,754</u>	<u>1,065,970</u>
Expenditures (Schedule 1)	<u>888,001</u>	<u>867,440</u>
Excess of revenues over expenditures	<u>210,753</u>	<u>198,530</u>

The attached notes are an integral part of these financial statements

**Qualicum Beach Memorial Golf Club
Statement of Changes in Net Assets
Year ended February 28, 2023**

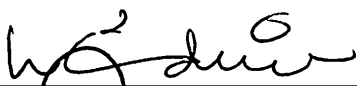
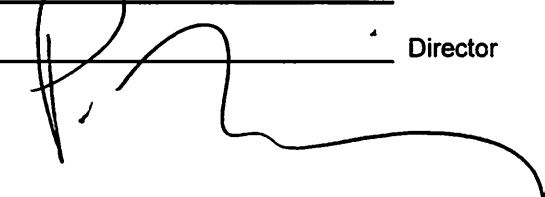
	General Fund \$	Contingency Fund \$	Equipment Replacement Fund \$	Irrigation Replacement Fund \$	Total 2023 \$	Total 2022 \$
Balance, beginning of year	9,865	95,930	102,319	72,391	280,505	276,743
Excess of revenues over expenditures - page 1	210,753	-	-	-	210,753	198,530
Appropriations	(205,863)	112,000	93,863	-	-	-
Proceeds from sale of assets under administration	-	-	7,904	-	7,904	13,500
Purchase of assets under administration	-	(266,840)	(32,642)	-	(299,482)	(208,268)
Balance, end of year	<u>14,755</u>	<u>(58,910)</u>	<u>171,444</u>	<u>72,391</u>	<u>199,680</u>	<u>280,505</u>

The attached notes are an integral part of these financial statements

**Qualicum Beach Memorial Golf Club
Statement of Financial Position
February 28, 2023**

	2023 \$	2022 \$
ASSETS		
Current		
Cash	597,338	680,754
Accounts receivable	2,858	1,200
Inventory (Note 3)	45,809	37,945
Prepaid expenses	<u>8,117</u>	<u>7,929</u>
	<u>654,122</u>	<u>727,828</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	98,628	101,546
Due to government agencies	7,924	12,042
Deferred revenue (Note 4)	<u>347,890</u>	<u>333,735</u>
	<u>454,442</u>	<u>447,323</u>
NET ASSETS		
General		
Fund - page 2	14,755	9,865
Contingency Fund - page 2	(58,910)	95,930
Equipment Replacement Fund - page 2	171,444	102,319
Irrigation Replacement Fund - page 2	<u>72,391</u>	<u>72,391</u>
	<u>199,680</u>	<u>280,505</u>
	<u>654,122</u>	<u>727,828</u>

Approved by the Board


 _____ Director

 _____ Director

The attached notes are an integral part of these financial statements

**Qualicum Beach Memorial Golf Club
Statement of Cash Flows
Year ended February 28, 2023**

	2023 \$	2022 \$
Operating activities		
Excess of revenues over expenditures	210,753	198,530
Change in non-cash working capital items		
Accounts receivable	(1,658)	-
Inventory	(7,864)	(1,202)
Prepaid expenses	(188)	(490)
Accounts payable and accrued liabilities	(2,918)	37,506
Due to government agencies	(4,118)	2,571
Deferred revenue	<u>14,155</u>	<u>97,793</u>
	<u>208,162</u>	<u>334,708</u>
Capital activities		
Purchase of assets under administration	(299,482)	(208,268)
Proceeds from the sale of assets under administration	<u>7,904</u>	<u>13,500</u>
	<u>(291,578)</u>	<u>(194,768)</u>
Increase (decrease) in cash	(83,416)	139,940
Cash, beginning of year	<u>680,754</u>	<u>540,814</u>
Cash, end of year	<u><u>597,338</u></u>	<u><u>680,754</u></u>
Cash consists of:		
General fund	439,815	449,994
Capital fund	<u>157,523</u>	<u>230,760</u>
	<u><u>597,338</u></u>	<u><u>680,754</u></u>

The attached notes are an integral part of these financial statements

Qualicum Beach Memorial Golf Club
Notes to the Financial Statements
February 28, 2023

1. Nature of operations

Qualicum Beach Memorial Golf Club (Society) operates a golf course for its members and the public under a lease with the Town of Qualicum Beach. The Society is incorporated under the Society Act of British Columbia. As a non-profit organization, the Society is exempt from income taxes except for investment income on which income taxes are provided.

2. Accounting policies

The the Society applies the Canadian accounting standards for not-for-profit organizations.

(a) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(b) Fund accounting

The Society's Board of Directors follows a policy of appropriating funds from general operations for specific purposes. Accordingly, the Society maintains separate accounts for the Contingency Fund, Equipment Replacement Fund, and Irrigation Replacement Fund.

The General Fund accounts for current operations.

The Contingency Fund accounts for reserve funds used for necessary expenditures not contemplated by the annual budget.

The Equipment Replacement Fund accounts for the reserve funds used for the purchase of new grounds equipment.

The Irrigation Replacement Fund accounts for reserve funds used for improvements to the irrigation system.

(c) Inventory

Inventory is initially recognized at cost and subsequently valued at the lower of cost and net realizable value. Cost comprises all costs of purchases and other costs incurred in bringing inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling costs. The type of inventory kept on hand, including fertilizer, seed and sand is not generally intended for resale and is written down when the product expires.

Qualicum Beach Memorial Golf Club
Notes to the Financial Statements
February 28, 2023

2. Accounting policies, continued

(d) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue for memberships and storage fees are recognized in the period for which they relate. Revenue for green fees, facilities rentals and entrance fee revenue is recognized when there is clear evidence that an arrangement exists, services are rendered and collectability of proceeds is reasonably assured.

(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 disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Significant items requiring the use of management estimates includes accounts receivable, inventories, and gift card liabilities. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory provisions are made for slow moving and obsolete inventory. Deferred revenue from the sale of gift cards is subject to estimate based on the expected redemption of the cards.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the period in which they become known.

(f) Financial instrument classification

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, trade and other receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to government agencies.

(g) Prior year's figures

Prior year's figures have been restated, where applicable, to conform to current year's presentation.

Qualicum Beach Memorial Golf Club
Notes to the Financial Statements
February 28, 2023

3. Inventory

	2023	2022
	\$	\$
Fertilizer, seed and sand	<u>45,809</u>	<u>37,945</u>

The cost of inventories recognized as an expense and included in golf course expenditures amounted to \$47,335 (2022 - \$35,561).

4. Deferred revenue

Deferred revenue consists of payments received in advance for membership dues, storage fees, association dues, facility rentals and gift cards.

	2023	2022
	\$	\$
Memberships	310,898	303,313
Association dues	14,914	12,458
Storage fees	10,075	8,700
Gift cards	8,651	7,264
Other deferred revenue	<u>3,352</u>	<u>2,000</u>
	<u>347,890</u>	<u>333,735</u>

5. Assets under administration

Under the lease agreement with the Town of Qualicum Beach, the Society is responsible for the maintenance, improvement, and replacement of the capital assets. The Society maintains Capital Funds to provide for future replacement of assets. The purchases and disposals of assets under administration are outlined in the following schedule:

	Cost March 1, 2022	Additions	Disposals	Cost, February 28, 2023
	\$	\$	\$	\$
Building improvements	197,515	211,089	50,813	357,791
Clubhouse furniture and equipment	359,066	55,750	133,219	281,597
Clubhouse Grounds	96,974	-	-	96,974
Course Improvements	193,764	-	9,799	183,965
Golf course equipment	719,949	32,643	22,034	730,558
Irrigation systems	<u>267,880</u>	<u>-</u>	<u>-</u>	<u>267,880</u>
	<u>1,835,148</u>	<u>299,482</u>	<u>215,865</u>	<u>1,918,765</u>

Qualicum Beach Memorial Golf Club
Notes to the Financial Statements
February 28, 2023

5. Assets under administration, continued

	Cost March 1, 2021 \$	Additions \$	Disposals \$	Cost, February 28, 2022 \$
Building improvements	101,033	96,482	-	197,515
Clubhouse furniture and equipment	305,819	53,247	-	359,066
Clubhouse Grounds	96,974	-	-	96,974
Course Improvements	193,764	-	-	193,764
Golf course equipment	697,898	58,539	36,488	719,949
Irrigation systems	<u>267,880</u>	<u>-</u>	<u>-</u>	<u>267,880</u>
	<u>1,663,368</u>	<u>208,268</u>	<u>36,488</u>	<u>1,835,148</u>

6. Economic dependence

The Society's operations consist of providing golf services to its members and the public. The lease agreement with the Town of Qualicum Beach provides the Society with the use of land and equipment to provide these services in the normal course of business in which the Society operates. Operations in the Society are dependant on this lease agreement. The lease expires in 2037.

7. Financial instruments

The financial instruments of the Society consist of cash, accounts receivable, accounts payable and accruals. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

8. Lease commitments

The Society operates the golf club under the terms of a lease agreement with the Town of Qualicum Beach. The lease is for an initial five-year term beginning February 1, 2008 and contains an automatic renewal provision for four additional five-year terms and one additional four year term. In addition, the Society is obligated to the Town of Qualicum Beach to repay reserves used to construct the Clubhouse and workshop (see note 9).

Future minimum lease payments are as follows:

	\$
2024	161,000
2025	161,000
2026	161,000
2027	161,000
2028	161,000
Subsequent years	<u>1,432,667</u>
	<u>2,237,667</u>

**Qualicum Beach Memorial Golf Club
Notes to the Financial Statements
February 28, 2023**

9. Agreements with Town of Qualicum Beach

The Society has entered into the following agreements with the Town of Qualicum Beach ("The Town"):

The Town has spent \$1,350,000 of its reserves on the construction of the Clubhouse and \$650,000 of its reserves on the construction of the maintenance facility.

- (a) Upon the occupancy of the Clubhouse, payment to the Town reserves will be due in the amount of \$50,000 per year until such time as the \$1,350,000 has been repaid. Amounts paid to the year ended February 28, 2023 - \$700,000 (2022 - \$650,000).
- (b) Upon construction of the maintenance facility, payment to the Town reserves will be due in the amount of \$35,000 per year until such time as the \$650,000 has been repaid. Amounts paid to the year ended February 28, 2023 - \$35,000 (2022 - \$Nil).
- (c) If the combined total balances of the Capital Funds exceeds \$150,000, the Society may make additional payments to the Town that will reduce the amount of the reserves to be repaid.
- (d) If the total balances of the Capital Funds are less than \$100,000 at the year end, the Society may elect not to make the additional payment of \$85,000 to the Town in that year to the extent that the surplus is necessary to increase the Capital Funds to \$100,000 and provided that such portion of the surplus is placed in the Capital Funds and any remaining surplus shall be paid to the Town of Qualicum Beach.
- (e) Once the combined total amount of additional payments reaches \$2,000,000, the lease allows for changes in the repayment structure based upon the threshold amounts of the Capital Funds indexed to the Vancouver consumer price index.

**Qualicum Beach Memorial Golf Club
Schedule of Expenditures
Year ended February 28, 2023**

	2023 \$	2022 \$
GOLF COURSE		
Equipment repairs and maintenance	31,799	44,899
Fertilizer, seed and sand	47,335	35,561
Fuel	23,722	14,888
Ground maintenance	14,057	38,873
Utilities	6,125	10,482
Wages and benefits	<u>287,784</u>	<u>286,229</u>
	<u>410,822</u>	<u>430,932</u>
CLUBHOUSE		
Repairs and maintenance	95,428	61,594
Supplies	5,169	3,912
Utilities	<u>42,693</u>	<u>40,348</u>
	<u>143,290</u>	<u>105,854</u>
GENERAL EXPENSES		
Accounting and legal	17,326	17,005
Advertising and promotion	3,346	4,867
Insurance	16,121	14,931
Interest and bank charges	9,236	9,758
Lease	76,000	76,000
Management fees	84,537	82,911
Office supplies	16,504	17,056
Professional fees	8,515	7,800
Promotion and meeting expense	7,820	7,117
Rent	85,000	85,000
Subscriptions, permits and licenses	1,267	1,558
Telephone and utilities	<u>8,217</u>	<u>6,651</u>
	<u>333,889</u>	<u>330,654</u>
	<u><u>888,001</u></u>	<u><u>867,440</u></u>