

**Avon Valley Golf and Country Club Limited**

**Falmouth, Nova Scotia**

**Financial Statements**

**October 31, 2015**

## Contents

	Page
Independent Auditor's Report	1
Statement of Financial Position	2
Statements of Operations and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-8

## **Morse Brewster Lake**

Chartered Accountants

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### **Independent Auditor's Report**

To the Members of

#### **Avon Valley Golf and Country Club Limited**

We have audited the accompanying financial statements of **Avon Valley Golf and Country Club Limited**, which comprise the statement of financial position as at October 31, 2015, and the statement of operations and changes in net assets and statement of cash flow 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Club as at October 31, 2015 and the results of operations and changes in financial position for the year then ended, in accordance with Canadian accounting standards for not for profit organizations.

*Morse Brewster Lake*

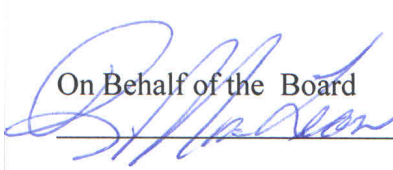

Berwick, Nova Scotia  
February 15, 2016

Chartered Accountants

**Avon Valley Golf and Country Club Limited**  
**Statement of Financial Position**

**October 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ -	\$ 12,979
Accounts receivable	11,533	1,240
Inventory, at cost	72,137	52,040
Prepaid expenses	<u>16,787</u>	<u>17,244</u>
	100,457	83,503
<b>Property and Equipment</b> (note 4)	<u>3,103,593</u>	<u>3,252,431</u>
	<u>\$3,204,050</u>	<u>\$3,335,934</u>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (note 5)	\$ 31,410	\$ -
Payables		
Trade and accruals	35,703	45,498
Government remittance - HST	22,957	26,068
Government remittance - payroll	14,336	13,583
Deferred revenue	30,281	11,000
Current portion of long term debt and capital leases	<u>45,043</u>	<u>111,690</u>
	179,730	207,839
<b>Long Term Debt</b> (note 7)	<u>695,679</u>	<u>740,738</u>
	875,409	948,577
<b>Net Assets</b>		
<b>Capital Stock</b> (note 8)	205,100	204,100
<b>Unrestricted Net assets</b>	<u>2,123,541</u>	<u>2,183,257</u>
	<u>\$3,204,050</u>	<u>\$3,335,934</u>

On Behalf of the Board  , Director  , Director

# Avon Valley Golf and Country Club Limited

## Statement of Operations and Changes in Net Assets

### Year Ended October 31, 2015

	Food and Beverage		Pro Shop		Membership & Admin		Gas Carts		Grounds		2015	2015	2014
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenue</b>													
Sales	\$ 216,355	\$ 230,000	\$ 92,387	\$ 67,000	\$ -	\$ -	\$ 80,255	\$ 120,000	\$ -	\$ -	\$ 388,997	\$ 417,000	\$ 384,709
Proshop services	-	-	26,311	25,000	-	-	-	-	-	-	26,311	25,000	22,712
Membership dues	-	-	-	-	401,588	450,000	-	-	-	-	401,588	450,000	456,449
Green fees	-	-	251,258	260,000	-	-	-	-	-	-	251,258	260,000	271,079
Tournaments	-	-	36,003	60,000	-	-	-	-	-	-	36,003	60,000	52,928
Advertising	-	-	-	-	9,130	5,000	-	-	-	-	9,130	5,000	11,253
Insurance Proceeds	-	-	-	-	-	-	-	-	129,700	-	129,700	-	-
Other and Rebates	6,989	3,000	(137)	-	(6)	-	-	-	-	-	6,846	3,000	5,390
	<u>223,344</u>	<u>233,000</u>	<u>405,822</u>	<u>412,000</u>	<u>410,712</u>	<u>455,000</u>	<u>80,255</u>	<u>120,000</u>	<u>129,700</u>	<u>-</u>	<u>1,249,833</u>	<u>1,220,000</u>	<u>1,204,520</u>
<b>Expenditures</b>													
Advertising	-	2,333	2,011	2,333	6,578	2,334	-	-	-	-	8,589	7,000	8,196
Admin. services	-	-	-	-	5,834	1,500	-	-	-	-	5,834	1,500	1,321
Amortization	33,194	33,500	3,239	6,250	27,660	27,600	29,525	27,700	56,345	74,950	149,963	170,000	170,216
Audit and legal	1,625	1,750	1,625	1,750	1,675	1,750	-	-	1,625	1,750	6,550	7,000	6,550
Bank charges and interest	3,565	2,550	4,086	6,450	13,223	9,000	-	-	153	-	21,027	18,000	19,131
Chemicals and fertilizers	-	-	-	-	-	-	-	-	83,632	80,000	83,632	80,000	77,763
Computers maintenance	670	1,167	1,496	3,167	3,223	1,666	-	-	-	-	5,389	6,000	3,544
Committee and member services	-	-	-	-	3,055	10,500	-	-	803	2,000	3,055	10,500	4,840
Conventions and seminars	152	-	2,284	-	-	-	-	-	-	-	3,239	2,000	156,140
Costs of goods sold	112,882	120,000	45,007	30,000	-	-	-	-	-	-	157,889	150,000	157,889
Course maintenance	-	-	-	-	-	-	-	-	24,123	23,500	24,123	23,500	24,965
Insurance	4,175	5,250	1,193	1,511	5,850	3,739	-	-	3,927	3,000	15,145	13,500	11,569
Membership & licenses	194	500	-	-	9,649	11,000	-	-	1,114	1,000	10,957	12,500	12,703
Long term interest	23,672	23,500	7,043	6,580	-	-	3,367	3,320	17,109	17,600	51,191	51,000	54,841
Loss on disposal	-	-	-	-	-	-	-	-	1,233	-	1,233	-	2,424
Office sup. & Avon book	196	410	1,276	160	3,999	6,680	-	-	400	250	5,871	7,500	5,955
Property taxes	7,076	11,500	2,027	3,310	5,049	8,190	-	-	14,152	5,000	28,304	28,000	27,856
Rentals	-	-	2,778	1,600	-	-	-	-	1,771	400	4,549	2,000	4,844
Operations & maintenance	13,904	7,000	1,442	3,000	6,523	8,000	19,134	12,200	34,013	42,600	75,016	72,800	86,158
Salaries and benefits	85,018	91,766	69,073	60,725	106,356	102,913	-	36,425	200,497	232,671	460,944	524,500	509,274
Insurance building repair	-	-	-	-	-	-	-	-	129,750	-	129,750	-	-
Travel	-	200	-	-	953	2,200	-	-	575	100	1,528	2,500	2,579
Utilities	16,372	13,500	8,049	8,000	12,276	12,000	52,026	-	19,074	16,500	55,771	50,000	55,281
	<u>302,695</u>	<u>314,926</u>	<u>152,629</u>	<u>134,836</u>	<u>211,903</u>	<u>209,072</u>	<u>79,645</u>	<u>460,546</u>	<u>460,546</u>	<u>501,321</u>	<u>1,309,549</u>	<u>1,239,800</u>	<u>1,246,150</u>
Excess (deficiency) of revenue over expenditure	\$ (79,351)	\$ (81,926)	\$ 253,193	\$ 277,164	\$ 198,809	\$ 245,928	\$ 28,229	\$ 40,355	\$ (330,846)	\$ (501,321)	\$ (59,716)	\$ (19,800)	\$ (41,630)
Surplus, beginning of year											2,183,257	-	2,224,887
Surplus, end of year											<u>\$ 2,123,541</u>	<u>\$ -</u>	<u>\$ 2,183,257</u>

**Avon Valley Golf and Country Club Limited**  
**Statement of Cash Flows**

**Year Ended October 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Operating</b>		
Excess (deficiency) of revenue over expenditures	\$ (59,716)	\$ (41,630)
Loss on disposal of equipment	1,233	2,424
Amortization	<u>149,963</u>	<u>170,216</u>
	91,480	131,010
<b>Changes in</b>		
Receivables	(10,293)	(917)
Inventories	(20,097)	132
Prepays	457	(1,701)
Payable and accruals	(12,153)	(8,668)
Deferred revenue	<u>19,281</u>	<u>437</u>
	<u>68,675</u>	<u>120,293</u>
<b>Financing</b>		
Issue of share capital - net	1,000	400
Repayment of long term debt	(42,358)	(39,819)
Capital lease repayment	<u>(69,348)</u>	<u>(23,111)</u>
	<u>(110,706)</u>	<u>(62,530)</u>
<b>Investing</b>		
Proceeds on sale of equipment	-	19,300
Purchase of property and equipment	<u>(2,358)</u>	<u>(125,296)</u>
	<u>(2,358)</u>	<u>(105,996)</u>
<b>Increase (Decrease) in cash</b>	(44,389)	(48,233)
<b>Cash, beginning of year</b>	<u>12,979</u>	<u>61,212</u>
<b>Cash (Bank Indebtedness), end of year</b>	<u><u>\$ (31,410)</u></u>	<u><u>\$ 12,979</u></u>

**Avon Valley Golf and Country Club Limited**  
**Notes to Financial Statements**  
**October 31, 2015**

**1. Nature of Operations**

The Avon Valley Golf and Country Club is a non-profit organization incorporated under the Companies Act of Nova Scotia. The Club is exempt from income taxes under Section 149 (1)(L) of the Income Tax Act. The Club operates an eighteen-hole golf course with ancillary facilities located in Falmouth, Nova Scotia.

**2. Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following are the accounting policies selected by Club and applied to these financial statements.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

**Revenue Recognition**

Revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Inventory**

Inventory is valued at the lower of cost and net realizable value. Inventory cost is determined based on the first in, first out (FIFO) method.

**Prepaid Expenses**

Prepaid expense are recorded at cost and relate to insurance and property taxes.

**Property and Equipment**

Property and equipment are valued at cost. Amortization is calculated using the following rates:

Land, fairways, greens and ponds	no amortization
Clubhouse	40 years straight line
Storage Building and BBQ facility	30 years straight line
Other buildings and bridges	5% declining balance
New equipment and furnishings	10 and 15 years straight line
Older equipment	20% declining balance
Gas carts	10 years straight line
Irrigation system	10% declining balance
Cart paths and parking lot	30 years straight line
Leased assets	Over the term of the lease

**Avon Valley Golf and Country Club Limited**  
**Notes to Financial Statements**  
**October 31, 2015**

**2. Significant Accounting Policies (Continued)**

Financial Instruments

The club's financial instruments consist of cash and cash equivalents, receivables, payables and accruals, long term debt and obligations under capital leases. Unless otherwise noted it is management's opinion that the club is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments, due to their short term maturity or floating interest rates, approximate their carrying values.

Use of Estimates

In preparing the Club's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

**3. Capital Management**

The Club's objectives in managing capital are to ensure that sufficient financial resources are in place to deliver on the priorities set by the Board of Directors. Management and Directors of the Club monitor its capital on an ongoing basis by reviewing financial metrics, including cash flows and variances to forecasts and budgets.

**4. Property and Equipment**

		<u>2015</u>		<u>2014</u>	
	<u>Rates</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land and improvements		\$1,435,795	\$ 59,215	\$1,376,580	\$1,383,856
Buildings		1,661,246	433,869	1,227,377	1,268,828
Fences		30,670	16,870	13,800	15,844
Irrigation System		309,470	279,926	29,544	32,827
Pavement		199,855	85,290	114,565	121,227
Furniture/fixtures		218,466	168,649	49,817	70,792
Equipment		718,257	488,456	229,801	270,409
Leased Equipment		<u>320,153</u>	<u>258,044</u>	<u>62,109</u>	<u>88,648</u>
		<u>\$4,893,912</u>	<u>\$1,790,319</u>	<u>\$3,103,593</u>	<u>\$3,252,431</u>

**5. Bank Indebtedness**

As security for bank indebtedness, the Club signed a general security agreement over all assets with insurance assigned to the bank. Interest is charged at a rate of prime plus 0.50%. As of October 31, 2015 there was a balance of \$2,915 outstanding.



**Avon Valley Golf and Country Club Limited**  
**Notes to Financial Statements**  
**October 31, 2015**

**6. Capital Leases**

	<u>2015</u>	<u>2014</u>
National Leasing, capital lease at 7.44% with monthly payments of \$1,640 plus HST for the months of May to October until October 2015.	-	9,487
Maxium Financial Services Inc., capital lease at 3.047% with monthly payments of \$3,038 plus HST for the months of May to October until October 2015 with a final payment of \$45,000 due October 31, 2015.	<u>-</u>	<u>59,861</u>
	-	69,348
Less current portion	<u>-</u>	<u>69,348</u>
	<u>\$ -</u>	<u>\$ -</u>

**7. Long Term Debt**

	<u>2015</u>	<u>2014</u>
Fixed term mortgage, repayable in monthly installments of \$7,475 including interest at the rate of 6.20%. The loan is amortized over 20 years and the 6.2% is set for the 15 years. As security for the loan, the Club has provided a debenture over all assets in the amount of \$1,000,000 and an assignment of insurance.	\$ 740,722	\$ 783,080
Less: current portion	<u>45,043</u>	<u>42,342</u>
	<u>\$ 695,679</u>	<u>\$ 740,738</u>

Principal payments required on long term debt for the next five years are as follows;

2016	\$	45,043
2017		47,916
2018		50,973
2019		54,225
2020		57,685

**Avon Valley Golf and Country Club Limited**  
**Notes to Financial Statements**  
**October 31, 2015**

**8. Capital Stock**

	<u>2015</u>	<u>2014</u>
Authorized:		
1,000 common shares with par value of \$100 each		
1,000 common share with no par value		
Issued:		
931 common shares with par value of \$100 (2014 - 921)	\$ 93,100	\$ 92,100
597 common shares with no par value (2014- 597 shares)	<u>112,000</u>	<u>112,000</u>
	<u>\$ 205,100</u>	<u>\$ 204,100</u>

During the year the club issued 13 new shares at \$100 each (24 shares at \$100 for 2014) and redeemed 3 shares for \$300.

**9. Supplementary Financial Information**

	<u>2015</u>	<u>2014</u>
Interest paid		
Mortgage interest	\$ 47,345	\$ 49,884
Capital lease	3,846	4,958
Other interest and bank charges	<u>5,256</u>	<u>4,135</u>
	<u>\$ 56,447</u>	<u>\$ 58,977</u>