

NOVA SCOTIA GOLF ASSOCIATION

Financial Statements

Year Ended December 31, 2020

Draft for discussion purposes only

NOVA SCOTIA GOLF ASSOCIATION
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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Nova Scotia Golf Association

Qualified Opinion

We have audited the financial statements of Nova Scotia Golf Association (the Association), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from membership dues, tournament entry fees, and grants, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

We conducted our audits 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 Association in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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:

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Independent Auditor's Report to the Directors of Nova Scotia Golf Association *(continued)*

- 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.
- 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 Association'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 Association'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 Association 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.

Dartmouth, Nova Scotia

SHUPE & COMPANY
Chartered Professional Accountants

NOVA SCOTIA GOLF ASSOCIATION
Statement of Operations
Year Ended December 31, 2020

	2020	2019
Revenues		
Membership dues		
Gold credits	\$ 380,597	\$ 378,341
Public Player Program	19,376	16,183
Facility	7,500	7,500
	<u>407,473</u>	<u>402,024</u>
Tournament entry fees (Note 11)	131,015	125,884
Grants	126,814	110,658
General revenue	247	30,355
Interest and other income	237	680
Player and camp training	-	18,798
	<u>665,786</u>	<u>688,399</u>
Expenses		
Advertising and promotion	6,307	8,564
Amortization	6,203	4,259
Awards and trophies	1,009	1,014
Bad debts	1,694	-
Golf Canada Future Links	600	2,465
Golf Canada dues	240,483	227,531
Insurance	4,781	5,312
Interest and bank charges	669	1,962
National Golf Championships	103	16,533
Office	9,785	13,629
Professional fees	6,899	5,360
Rental	17,074	16,516
Salaries and wages	163,878	159,113
Slope rating	4,636	6,349
Telephone	3,495	6,069
Tournament (Note 11)	117,534	126,973
Training - Player camp	-	30,313
Training - Seminars and workshops	427	7,369
Travel and meetings	14,429	29,969
	<u>600,006</u>	<u>669,300</u>
Excess of revenues over expenses from operations	<u>65,780</u>	<u>19,099</u>
Other income		
Gain on disposal of assets	600	-
Government assistance - pandemic	13,683	-
	<u>14,283</u>	<u>-</u>
Excess of revenues over expenses	<u>\$ 80,063</u>	<u>\$ 19,099</u>

See notes to financial statements

NOVA SCOTIA GOLF ASSOCIATION
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 284,802	\$ 138,635
Accounts receivable	12,823	57,908
HST receivable	-	28,063
Prepaid expenses	9,257	1,476
	<u>306,882</u>	<u>226,082</u>
Capital assets (Note 4)	25,165	10,269
	<u>\$ 332,047</u>	<u>\$ 236,351</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 45,618	\$ 70,292
HST payable	12,307	-
Deferred sponsorships and grants	4,000	6,000
	<u>61,925</u>	<u>76,292</u>
Long term debt (Note 8)	30,000	-
	<u>91,925</u>	<u>76,292</u>
NET ASSETS		
Unrestricted net assets	217,673	151,091
Tournament fund (Note 11)	22,449	8,968
	<u>240,122</u>	<u>160,059</u>
	<u>\$ 332,047</u>	<u>\$ 236,351</u>

Lease commitment (Note 9)

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

NOVA SCOTIA GOLF ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2020

	Unrestricted Net Assets	Tournament Fund	2020	2019
Net assets - beginning of year	\$ 151,091	\$ 8,968	\$ 160,059	\$ 140,960
Excess of revenues over expenses	66,582	13,481	80,063	19,099
Net assets - end of year	\$ 217,673	\$ 22,449	\$ 240,122	\$ 160,059

See notes to financial statements

NOVA SCOTIA GOLF ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 80,063	\$ 19,099
Items not affecting cash:		
Amortization of capital assets	6,203	4,259
Gain on disposal of capital assets	(600)	-
	<u>85,666</u>	<u>23,358</u>
Changes in non-cash working capital:		
Accounts receivable	45,086	(45,876)
HST receivable	40,370	(23,776)
Prepaid expenses	(7,781)	5,107
Accounts payable and accrued liabilities	(24,675)	42,854
Deferred income	(2,000)	(2,000)
	<u>51,000</u>	<u>(23,691)</u>
	<u>136,666</u>	<u>(333)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(24,499)	(3,677)
Proceeds on disposal of capital assets	4,000	-
	<u>(20,499)</u>	<u>(3,677)</u>
FINANCING ACTIVITY		
Proceeds from long term financing	30,000	-
Increase (decrease) in cash flow	146,167	(4,010)
Cash - beginning of year	138,635	142,645
Cash - end of year	\$ 284,802	\$ 138,635

See notes to financial statements

NOVA SCOTIA GOLF ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

1. PURPOSE OF THE ASSOCIATION

The Nova Scotia Golf Association (NSGA) was incorporated under the Societies Act of Nova Scotia on December 2, 1992. Its objectives are to promote, govern, and coordinate the sport of golf in Nova Scotia. The Association is a not-for-profit organization under the Income Tax Act, and as such it is not subject to either federal or provincial income taxes.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO). Canadian accounting standards for not-for-profit organizations are a part of Canadian generally accepted accounting principals.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Computer equipment	50%
Equipment and furniture	20%
Vehicle	30%

Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in unrestricted net assets.

Revenue and expenses from senior and junior tournaments are reported in the tournament fund.

Revenue recognition

Revenue is recorded on the accrual basis which recognizes revenue when the related expenses are incurred.

Contributions are recorded using the deferral method. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Membership fees sold to golf courses are recognized as revenue as fees become due. Included in membership fees collected, are amounts collected on behalf of, and remitted, to Golf Canada.

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NOVA SCOTIA GOLF ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Government assistance

Government assistance is recorded in the financial statements when there is reasonable assurance that the Association has complied with, and will continue to comply with, all conditions necessary to obtain the assistance. Capital asset grants are accounted for as a reduction of their cost. Operational grants are accounted for as income.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 6,599	\$ 4,673	\$ 1,926	\$ 3,853
Equipment and furniture	5,020	2,606	2,414	3,016
Vehicle	24,499	3,674	20,825	3,400
	\$ 36,118	\$ 10,953	\$ 25,165	\$ 10,269

5. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2020.

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NOVA SCOTIA GOLF ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

5. FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from golf clubs and their members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of members which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members and golf clubs, and its accounts payable to vendors and suppliers.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Association is exposed to interest rate risk primarily through its fixed rate credit card. The Association manages this risk by paying off the full balance each month.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

6. ACCOUNTS PAYABLE

	2020	2019
Trade payables and accrued liabilities	\$ 21,592	\$ 45,642
Gift certificates	24,026	20,345
Payroll remittances	-	4,305
	\$ 45,618	\$ 70,292

The Association issues gift certificates to golf clubs which are then given to winning participants of tournaments. Once redeemed, the Association reimburses the golf club for the value of the related purchase.

7. CREDIT CARD

The Association has a Scotiabank credit card with a limit of \$28,000 of which \$1,671 was outstanding and included in accounts payable at December 31, 2020. Purchases bear interest at 19.99% annually and cash advances bear interest at 22.99% annually.

NOVA SCOTIA GOLF ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

8. LONG TERM DEBT

	2020	2019
Canadian Emergency Business Account (CEBA) loan	\$ 30,000	\$ -
Amounts payable within one year	-	-
	\$ 30,000	\$ -

The CEBA amount of \$30,000 represents the unforgivable balance of a \$40,000 interest-free loan received under the Government of Canada COVID response programs. 25% of the loan is eligible for loan forgiveness, if the loan is fully repaid on or before December 31, 2022. As of year end, \$10,000 has been included in other income and represents the forgivable portion of the loan. If the balance of the loan is not paid by December 31, 2022 the remaining principal will be repayable in blended monthly payments at 5% interest and matures December 31, 2025.

9. LEASE COMMITMENT

The Association has a long term lease with respect to its premises which began June 1, 2017 and ends May 31, 2022. The lease calls for yearly rent increases equal to half of the Nova Scotia Consumer Price Index. Current monthly rent payments are \$1,487.95 including HST.

10. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the Association and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.

NOVA SCOTIA GOLF ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

11. TOURNAMENT FUND

The tournament fund was established to administer funds set aside for senior and junior tournaments. Revenues and expenses of the tournament fund included in the statement of operations are as follows:

	2020	2019
<u>Revenue</u>		
Entry fees	\$ 131,015	\$ 125,884
<u>Expenses</u>		
Banquets	11,339	15,007
Blue golf	8,840	2,128
Committee travel and expenses	20,298	21,824
Course honorariums	45,517	49,278
Fore caddies and cards	3,718	4,435
Office and miscellaneous	889	10,457
Printing, copying, and other	7,262	2,099
Prizes and gift certificates	19,671	21,745
	117,534	126,973
Excess revenue (expenses) for the year	\$ 13,481	\$ (1,089)