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**BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED**

**Financial Statements**

**Year Ended November 30, 2020**

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# **BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED**

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**Year Ended November 30, 2020**

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Shareholders of Big Cedar Point Golf & Country Club Limited

We have reviewed the accompanying financial statements of Big Cedar Point Golf & Country Club Limited, which comprise the statement of financial position as at November 30, 2020, and the statements of operations, 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 Big Cedar Point Golf & Country Club Limited as at November 30, 2020, 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.

*NVS Professional Corporation*

NVS Professional Corporation  
Chartered Professional Accountants  
Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario  
Barrie, Ontario  
April 23, 2021

An independently owned member  
RSM Canada Alliance



# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Statement of Financial Position

November 30, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 148,867	\$ 29,963
Accounts receivable	4,306	4,723
Inventory	5,841	7,431
Prepaid expenses	27,367	13,985
	<u>186,381</u>	56,102
Property, plant and equipment <i>(Note 5)</i>	<u>555,253</u>	594,081
	<u>\$ 741,634</u>	\$ 650,183
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 19,142	\$ 13,431
Government remittances payable	8,265	6,349
Note payable <i>(Note 7)</i>	150,000	95,000
Unearned revenue <i>(Note 8)</i>	55,849	26,432
Current portion of callable debt <i>(Note 10)</i>	16,353	15,910
Current portion of obligations under capital lease <i>(Note 11)</i>	19,588	17,454
	<u>269,197</u>	174,576
Callable debt	<u>65,964</u>	75,531
	<u>335,161</u>	250,107
Obligations under capital lease <i>(Note 11)</i>	15,739	31,878
Deferred contributions related to property, plant and equipment <i>(Note 12)</i>	12,307	12,923
Loan payable <i>(Note 9)</i>	30,000	-
	<u>393,207</u>	294,908
<b>NET ASSETS</b>		
Share capital <i>(Note 13)</i>	40,000	40,000
Unrestricted net assets	<u>308,427</u>	315,275
	<u>348,427</u>	355,275
	<u>\$ 741,634</u>	\$ 650,183

See notes to financial statements

# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Statement of Operations

Year Ended November 30, 2020

	2020	2019
<b>REVENUES</b>		
Annual dues	\$ 133,212	\$ 169,474
Concession	19,556	36,221
Green fees	190,640	90,545
Lounge	114,158	117,513
Other	2,070	17,139
Pro shop	4,129	2,338
Rentals	67,624	56,441
Tournaments and events	867	17,017
	<b>532,256</b>	<b>506,688</b>
<b>EXPENSES</b>		
Amortization	47,964	55,021
Bookkeeping	4,112	11,248
Business taxes, licenses and memberships	-	788
Concession	20,335	18,717
Employee benefits	5,540	8,785
Equipment leasing	11,208	20,582
Events	-	9,714
Insurance	15,079	14,554
Interest on long-term debt	7,635	7,659
Lounge	53,686	50,876
Maintenance - clubhouse, grounds	5,307	4,505
Maintenance - course	41,399	38,175
Maintenance - equipment	11,234	12,013
Office	17,061	28,614
Professional fees	9,691	6,000
Property taxes	10,247	11,795
Pro shop	4,858	946
Telephone	893	1,495
Travel	1,167	719
Utilities	13,292	14,415
Wages - clubhouse	153,083	113,142
Wages - course	115,313	101,585
	<b>549,104</b>	<b>531,348</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>(16,848)</b>	<b>(24,660)</b>
<b>OTHER INCOME</b>		
Government grant (Note 9)	10,000	-
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (6,848)</b>	<b>\$ (24,660)</b>

See notes to financial statements

# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Statement of Net Assets

Year Ended November 30, 2020

	Unrestricted Net Assets	2020	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 315,275	\$ <b>315,275</b>	\$ 339,935
DEFICIENCY OF REVENUES OVER EXPENSES	(6,848)	<b>(6,848)</b>	(24,660)
<b>NET ASSETS - END OF YEAR</b>	\$ <b>308,427</b>	\$ <b>308,427</b>	\$ 315,275

See notes to financial statements

# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Statement of Cash Flows

Year Ended November 30, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (6,848)	\$ (24,660)
Items not affecting cash:		
Amortization of property, plant and equipment	47,964	55,021
Amortization of deferred contributions	(616)	(616)
	<u>40,500</u>	<u>29,745</u>
Changes in non-cash working capital:		
Accounts receivable	417	(1,795)
Inventory	1,590	(957)
Prepaid expenses	(13,382)	(12,363)
Accounts payable and accrued liabilities	5,713	(8,720)
Government remittances payable	1,916	(1,024)
Unearned revenue	29,417	1,445
	<u>25,671</u>	<u>(23,414)</u>
Cash flow from operating activities	<u>66,171</u>	<u>6,331</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(3,759)</u>	<u>(12,480)</u>
<b>FINANCING ACTIVITIES</b>		
Note payable advance	55,000	95,000
Term loan advance (Note 9)	30,000	-
Principal payments on callable debt	(9,123)	(15,172)
Repayment of obligations under capital lease	(19,385)	(21,354)
Cash flow from financing activities	<u>56,492</u>	<u>58,474</u>
<b>INCREASE IN CASH FLOW</b>	<b>118,904</b>	<b>52,325</b>
Cash (deficiency) - beginning of year	<u>29,963</u>	<u>(22,362)</u>
<b>CASH - END OF YEAR</b>	<b>\$ 148,867</b>	<b>\$ 29,963</b>

See notes to financial statements

# **BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED**

## **Notes to Financial Statements**

**Year Ended November 30, 2020**

*(Unaudited)*

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

On January 30, 2020, the World Health Organization (“WHO”) declared a Public Health Emergency of International Concern resulting from an outbreak of pneumonia cases from an unknown cause which originated in Wuhan, China. Over a week later, on February 11, 2020, the WHO then announced a name for this new disease called the coronavirus (“COVID-19”). And on March 11, 2020, the WHO declared COVID-19 to be a global pandemic and a world-wide health concern to all of humanity. As a result, governing countries and their leaders around the world acted to mitigate the spread of this virus by restricting travel, testing and quarantining symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting residents to stay inside their homes. These measures have had a direct impact on the global and Canadian economy.

The Canadian government acted by testing and treating symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting the community to stay inside their homes. Due to these measures taken, many businesses were forced to lay off staff, postpone contracts and work, request financial relief and defer payments to their financial lenders, landlords and stakeholders and to close their businesses altogether. The Federal government also responded by extending tax filing and payment deadlines and made available a wage subsidy to qualifying businesses to help provide some relief during this challenging time.

It is uncertain how long these COVID-19 conditions will last and what economic impact they will have on the Club’s business, ongoing cash flows and its ability to continue as a going concern.

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# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Notes to Financial Statements

Year Ended November 30, 2020

(Unaudited)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Revenue recognition

Big Cedar Point Golf & Country Club Limited 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership revenue is taken into income in the period in which it is earned. Memberships paid in advance are deferred until the golfing season commences.

All other revenue is recognized when earned and there is reasonable assurance of collection.

#### Government Assistance

Government assistance relating to Canada Emergency Wage Subsidy for qualifying expenditures are accounted for using the income approach, whereby the government assistance directly reduces the related expenses.

#### Financial instruments policy

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.

#### Cash equivalents

Highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

#### Inventory

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

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# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Notes to Financial Statements

Year Ended November 30, 2020

(Unaudited)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Buildings	25 years	straight-line method
Computer equipment	30%	declining balance method
Easement	21 year	straight-line method
Equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method
Irrigation	15%	declining balance method
Motor vehicles	30%	declining balance method
Parking lot	8%	declining balance method

The Company regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

#### Impairment of Long Lived Assets

The Club tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

#### Leases

Leases are classified as either capital or operating leases. At the time the Club enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

#### Income taxes

The Club uses the income taxes payable method of accounting for income taxes. Under this method, the Club reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

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# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Notes to Financial Statements

Year Ended November 30, 2020

(Unaudited)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 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.

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### 2. PURPOSE OF THE CLUB

Big Cedar Point Golf & Country Club Limited (the "Club") was incorporated on October 24, 1931 to carry on the pastime of golfing without purpose of gain for its shareholders. The Charter provides the Directors shall serve without compensation and that any profits or other accretions to the Club be used in promoting its objectives. The Club is subject to income taxes under the Income Tax Act.

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### 3. GOING CONCERN

The accompanying financial statements have been prepared on the going concern assumption that the Club will be able to realize its assets and discharge its liabilities in the normal course of business.

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### 4. FINANCIAL INSTRUMENTS

The Club is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Club's risk exposure and concentration as of November 30, 2020.

#### **(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Club is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Club has a significant number of customers which minimizes concentration of credit risk.

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# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Notes to Financial Statements

Year Ended November 30, 2020

(Unaudited)

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### 4. FINANCIAL INSTRUMENTS (continued)

#### (b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Club is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, and accounts payable.

#### (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. In seeking to minimize the risks from interest rate fluctuations, the Club manages exposure through its normal operating and financing activities. The Club is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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

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### 5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings	\$ 712,034	\$ 492,685	\$ 219,349	\$ 246,160
Computer equipment	30,671	30,627	44	63
Course improvements	245,920	-	245,920	245,920
Easement	4,379	4,379	-	-
Equipment	433,743	424,231	9,512	11,090
Equipment under capital lease	91,819	54,592	37,227	45,500
Furniture and fixtures	46,769	44,379	2,390	1,074
Irrigation	122,100	113,944	8,156	9,595
Land	9,881	-	9,881	9,881
Motor vehicles	18,910	18,782	128	183
Parking lot	64,135	41,489	22,646	24,615
	<u>\$ 1,780,361</u>	<u>\$ 1,225,108</u>	<u>\$ 555,253</u>	<u>\$ 594,081</u>

# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Notes to Financial Statements

Year Ended November 30, 2020

(Unaudited)

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### 6. CREDIT FACILITIES

The Club has available an operating line of credit with Pace Credit Union up to \$20,000 (2019 - \$20,000), due on demand bearing interest at the credit union's prime rate plus 1% per annum. As of November 30, 2020, the amount drawn on this facility is \$NIL (2019 - \$NIL).

The Club has a Mastercard with Pace Credit Union with a limit of \$10,000 available to assist with general club expenses. As of November 30, 2020, the Club has \$440 (2019 - \$NIL) owing on this card which has been included in accounts payable and accrued liabilities.

All credit facilities with Pace Credit Union are secured by a general security agreement.

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### 7. NOTE PAYABLE

	<u>2020</u>	<u>2019</u>
Note Payable, bearing interest at 8% per annum, secured by a second mortgage on the property	<u>\$ 150,000</u>	<u>\$ 95,000</u>

The Club entered into a loan agreement with a shareholder in advance of the sale of certain unused wooded lots on the golf course property. The sale is contingent on the severance of the lots.

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### 8. UNEARNED REVENUE

Unearned revenue represents golf memberships paid in advance.

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### 9. LOAN PAYABLE

The Club applied for and received the \$40,000 CEBA loan in the 2020 fiscal year. The loan was provided by the Government of Canada through the PACE Credit Union. The loans were made available to companies that have been negatively impacted by the COVID-19.

The loan amount is unsecured, interest-free and \$10,000 is forgivable if the \$30,000 amount is paid by December 31, 2022, after which the full amount is subject to a 5% annual interest rate.

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# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Notes to Financial Statements

Year Ended November 30, 2020

(Unaudited)

### 10. CALLABLE DEBT

	<u>2020</u>	<u>2019</u>
Mortgage bearing interest at prime plus 1% per annum, repayable in monthly blended payments of \$1,660. The mortgage matures in March 2025 and is secured by a \$375,000 first collateral mortgage over the golf course property, due on demand. The carrying value of the property is \$475,150.	<u>\$ 82,317</u>	<u>\$ 91,441</u>
	<u>82,317</u>	<u>91,441</u>
Amounts payable within one year	<u>(16,353)</u>	<u>(15,910)</u>
	<u>\$ 65,964</u>	<u>\$ 75,531</u>

Although the mortgage is of a demand nature, management does not believe that the demand feature will be exercised.

Principal repayment terms are approximately:

2021	\$ 16,353
2022	17,492
2023	18,341
2024	19,232
2025	<u>10,899</u>
	<u>\$ 82,317</u>

Under its mortgage and line of credit agreement, the Club must meet a debt service ratio of 1.25:1. As of November 30, 2020, the Club is in compliance.

# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Notes to Financial Statements

Year Ended November 30, 2020

(Unaudited)

### 11. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2020</u>	<u>2019</u>
Equipment lease bearing interest at 4.75% per annum, repayable in six blended payments of \$2,014 per year. The lease matures in October 2022 and is secured by equipment with net book value of \$22,491.	\$ 21,885	\$ 33,737
Equipment lease bearing interest at 4.5% per annum, repayable in six blended payments of \$1,145 per year. The lease matures in August 2022 and is secured by equipment with net book value of \$9,360.	8,066	15,595
Equipment lease bearing interest at 4.75% per annum, repayable in six blended payments of \$237 per year. The lease matures in October 2024 and is secured by equipment with net book value of \$5,376.	<u>5,376</u>	-
	<b>35,327</b>	49,332
Amounts payable within one year	<u>(19,588)</u>	<u>(17,454)</u>
	<b>\$ 15,739</b>	<b>\$ 31,878</b>
Future minimum capital lease payments are approximately:		
2021	\$ 19,588	
2022	13,048	
2023	1,378	
2024	<u>1,313</u>	
Total minimum lease payments	<u>\$ 35,327</u>	

### 12. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY, PLANT AND EQUIPMENT

	<u>2020</u>	<u>2019</u>
Deferred contributions	\$ 12,923	\$ 13,539
Amortization	<u>(616)</u>	<u>(616)</u>
	<b>\$ 12,307</b>	<b>\$ 12,923</b>

# BIG CEDAR POINT GOLF & COUNTRY CLUB LIMITED

## Notes to Financial Statements

Year Ended November 30, 2020

(Unaudited)

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### 13. SHARE CAPITAL

	<u>2020</u>	<u>2019</u>
Issued:		
400 Common shares	<u>\$ 40,000</u>	<u>\$ 40,000</u>

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### 14. CONTRACTUAL OBLIGATIONS

The Club has entered into two operating leases for various equipment with expiry dates between 2021 and 2025

Contractual obligation repayment schedule:

2021	\$ 27,108
2022	27,108
2023	6,516
2024	6,516
2025	6,516
Thereafter	<u>5,755</u>
	<u>\$ 79,519</u>

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### 15. GOVERNMENT ASSISTANCE

During the year the Club applied government subsidies to the following accounts:

	<u>2020</u>	<u>2019</u>
Wages - clubhouse	<u>\$ 166,641</u>	\$ 113,142
Less: Canada Emergency Wage Subsidy	<u>(13,558)</u>	-
	<u>\$ 153,083</u>	<u>\$ 113,142</u>

During the year, the Company received \$13,558 for the Canada Emergency Wage Subsidy from the Government of Canada. This funding was received to provide financial support for the Club to cover salaries and wage expenses during the Covid-19 pandemic.