

**TS&M Woodlawn Golf Club**  
**Financial Statements**

*October 31, 2019*  
*(Unaudited)*

## Independent Practitioner's Review Engagement Report

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To the Board of TS&M Woodlawn Golf Club:

We have reviewed the accompanying financial statements of TS&M Woodlawn Golf Club that comprise the statement of financial position as at October 31, 2019, and the statements of operations and changes in 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 TS&M Woodlawn Golf Club as at October 31, 2019, 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.

### *Other Matter*

The review of the prior year financial statements was performed by another accounting firm who provided an unmodified report, dated February 26, 2019.

Weyburn, Saskatchewan

February 27, 2020

Chartered Professional Accountants

**TS&M Woodlawn Golf Club**  
**Statement of Financial Position**

*As at October 31, 2019*

*(Unaudited)*

	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	418,834	351,962
Accounts receivable	16,695	14,073
Inventory (Note 3)	55,574	61,345
Prepaid expenses and deposits (Note 4)	62,907	12,555
	554,010	439,935
<b>Capital assets (Note 5)</b>	2,992,628	3,089,911
	3,546,638	3,529,846
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals (Note 7)	61,069	107,707
Current portion of deferred contributions (Note 8)	203,036	95,052
Current portion of term loans due on demand (Note 9)	88,000	83,940
Current portion of capital lease obligations (Note 10)	17,370	17,474
	369,475	304,173
Term loans due on demand (Note 9)	209,341	297,480
	578,816	601,653
<b>Deferred contributions (Note 8)</b>	266,127	285,004
<b>Capital lease obligations (Note 10)</b>	-	16,287
	844,943	902,944
<b>Net Assets</b>	2,701,695	2,626,902
	3,546,638	3,529,846

*The accompanying notes are an integral part of these financial statements*

**TS&M Woodlawn Golf Club**  
**Statement of Operations and Changes in Net Assets**  
For the year ended October 31, 2019  
(Unaudited)

	2019	2018
<b>Revenue</b>		
Memberships and green fees	735,190	725,279
Food and beverage	636,095	565,273
Pro shop	271,549	263,112
Rental	170,804	166,021
Sponsorship	143,901	137,176
Insurance proceeds from hail storm	130,368	-
Donations	45,501	15,922
Interest	4,396	6,161
	<b>2,137,804</b>	<b>1,878,944</b>
<b>Expenses</b>		
Salaries and benefits	828,839	747,205
Food and beverage	305,063	298,174
Repairs and maintenance	264,676	180,564
Amortization	194,532	214,118
Pro shop	191,853	188,712
Utilities	68,366	58,046
Supplies	33,012	36,444
Office supplies	28,652	26,263
Automotive	28,284	25,331
Bank charges and interest	25,618	23,183
Insurance	17,414	15,484
Professional fees	16,907	13,210
Licences and fees	15,999	20,297
Advertising	15,634	17,500
Interest on term loans due on demand	14,601	18,823
Telephone	6,449	9,201
Professional development	4,802	5,316
Interest on capital lease obligations	1,843	5,052
Rent	467	1,589
<b>Total expenses</b>	<b>2,063,011</b>	<b>1,904,512</b>
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>74,793</b>	<b>(25,568)</b>

*Continued on next page*

**TS&M Woodlawn Golf Club**  
**Statement of Operations**

*For the year ended October 31, 2019*  
*(Unaudited)*

	<b>2019</b>	<b>2018</b>
<b>Excess (deficiency) of revenue over expenses before other items</b> <i>(Continued from previous page)</i>	<b>74,793</b>	<b>(25,568)</b>
<b>Other items</b>		
Loss on disposal of capital assets	-	(1,705)
<b>Excess (deficiency) of revenue over expenses</b>	<b>74,793</b>	<b>(27,273)</b>
<b>Net assets beginning of year</b>	<b>2,626,902</b>	<b>2,654,175</b>
<b>Net assets, end of year</b>	<b>2,701,695</b>	<b>2,626,902</b>

*The accompanying notes are an integral part of these financial statements*

**TS&M Woodlawn Golf Club**  
**Statement of Cash Flows**  
For the year ended October 31, 2019  
(Unaudited)

	2019	2018
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	74,793	(27,273)
Amortization	194,532	214,118
Loss on disposal of capital assets	-	1,705
	269,325	188,550
Changes in working capital accounts		
Accounts receivable	(2,622)	(1,680)
Inventory	5,771	19,793
Prepaid expenses and deposits	(50,352)	(435)
Accounts payable and accruals	(46,638)	(75)
Deferred contributions	89,107	(26,948)
	264,591	179,205
<b>Financing</b>		
Repayments of capital lease obligations	(16,391)	(15,240)
Repayments of term loans due on demand	(84,079)	(83,183)
	(100,470)	(98,423)
<b>Investing</b>		
Purchase of capital assets	(97,249)	(64,726)
Proceeds on disposal of capital assets	-	8,231
	(97,249)	(56,495)
<b>Increase in cash resources</b>	66,872	24,287
<b>Cash resources, beginning of year</b>	351,962	327,675
<b>Cash resources, end of year</b>	418,834	351,962

The accompanying notes are an integral part of these financial statements

**TS&M Woodlawn Golf Club**  
**Notes to the Financial Statements**  
*For the year ended October 31, 2019*  
*(Unaudited)*

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**1. Incorporation and nature of the organization**

Estevan Woodlawn Golf Club Inc., operating as TS&M Woodlawn Golf Club (the "Organization"), was incorporated under the laws of the Province of Saskatchewan as a not-for-profit organization and thus is exempt from income taxes under the Income Tax Act. The Organization is a regional golf course that provides golfing and entertainment facilities in Estevan, Saskatchewan.

**2. Significant accounting policies**

***Basis of accounting***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	4 %
Automotive	declining balance	30 %
Computer equipment	declining balance	30 %
Equipment	declining balance	20 %
Office equipment	declining balance	20 %
Course development	straight-line	30 years
Irrigation equipment	declining balance	4 %
Tarps	straight-line	10 years
Equipment under capital lease	declining balance	20 %

***Revenue recognition***

The Organization 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.

Revenue from all sources, except sponsorships, are recognized when a price is agreed, all significant contractual obligations have been satisfied and collectibility is reasonably assured.

Revenue from Sponsorships is recognized on the contract timing on a straight line basis, when collectibility has been reasonably assured.

***Contributed materials and services***

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased. Included in donation revenue and repairs and maintenance is \$38,500 that relates to contributed asphalt.

**2. Significant accounting policies** *(Continued from previous page)*

**Leases**

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

**Financial instruments**

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

The Organization subsequently measures financial instruments at amortized cost less impairment.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Long-lived assets**

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

**Financial asset impairment:**

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.



**TS&M Woodlawn Golf Club**  
**Notes to the Financial Statements**  
For the year ended October 31, 2019  
(Unaudited)

**2. Significant accounting policies** (Continued from previous page)

**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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

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

**3. Inventory**

	2019	2018
Pro shop inventory	46,092	53,029
Food and beverage inventory	9,482	8,316
	<b>55,574</b>	<b>61,345</b>

The cost of inventories recognized as an expense and included in expenses amounts to \$377,105 (2018 - \$358,765).

**4. Prepaid expenses and deposits**

	2019	2018
Deposit on roof repairs	43,817	-
Prepaid insurance	13,712	12,555
Supplier credits	5,378	-
	<b>62,907</b>	<b>12,555</b>

**TS&M Woodlawn Golf Club**  
**Notes to the Financial Statements**  
For the year ended October 31, 2019  
(Unaudited)

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2019 Net book value</b>	<b>2018 Net book value</b>
Buildings	1,406,432	474,845	931,587	953,669
Automotive	725,061	626,878	98,183	140,262
Computer equipment	63,212	52,943	10,269	13,392
Equipment	473,313	377,243	96,070	110,548
Office equipment	13,146	11,068	2,078	2,597
Course development	1,576,116	341,078	1,235,038	1,271,788
Irrigation equipment	803,638	233,901	569,737	536,728
Tarps	22,184	8,688	13,496	15,714
	<b>5,083,102</b>	<b>2,126,644</b>	<b>2,956,458</b>	<b>3,044,698</b>
Assets under capital lease				
Equipment under capital lease	79,039	42,869	36,170	45,213
	<b>5,162,141</b>	<b>2,169,513</b>	<b>2,992,628</b>	<b>3,089,911</b>

**6. Bank indebtedness**

The Organization has access to a revolving line of credit totalling \$50,000, of which \$nil (2018 - \$nil), was drawn as of October 31, 2019. Interest is charged on the outstanding principal at prime plus 1.00% (2018 - prime plus 1.00%). The line of credit is secured by a general security agreement.

The Organization has access to an equipment line of credit totalling \$200,000, of which \$nil (2018 - \$nil), was drawn as of October 31, 2019. Interest is charged on the outstanding principal at prime plus 1.60% (2018 - prime plus 1.60%). The line of credit is secured by a general security agreement and a revolving capital loan agreement in the amount of \$200,000.

**7. Accounts payable and accruals**

	<b>2019</b>	<b>2018</b>
Trade accounts payable	26,955	51,347
Source deductions	22,233	25,121
Provincial Sales Tax payable	626	374
Mastercard payable	1,672	-
Goods and Services Tax payable	9,343	12,857
Liquor Consumption Tax payable	240	225
Accrued wages payable	-	17,783
	<b>61,069</b>	<b>107,707</b>

**TS&M Woodlawn Golf Club**  
**Notes to the Financial Statements**  
*For the year ended October 31, 2019*  
*(Unaudited)*

**8. Deferred contributions**

Deferred contributions consist of deferred bench sponsorship, deferred hole sponsorship, deferred naming rights, customer credits, gift cards and certificates, golf shop vouchers, and unredeemed green fee passes. Recognition of these amounts as revenue is in accordance with the associated contracts.

Balance at end of year includes \$104,217 (2018 - \$nil) of deferred insurance proceeds relating to roof repairs and cart wraps that have not yet been completed. The remaining \$65,629 (2018 - \$65,700) relates to amounts received for deferred contributions outlined in the above paragraph.

	2019	2018
Balance, beginning of year	380,056	407,004
Amount received during the year	169,846	65,700
Less: Amount recognized as revenue during the year	(80,739)	(92,648)
Subtotal	469,163	380,056
Less: current portion	203,036	95,052
Balance, end of year	266,127	285,004

**9. Term loans due on demand**

	2019	2018
Affinity Credit Union mortgage bearing interest at 4.95%, repayable in blended monthly instalments of \$2,878 including interest. The loan is secured against a building with a net book value of \$760,482 (2018 - \$792,169). The loan matures May, 2026.	194,279	218,584
Affinity Credit Union mortgage bearing interest at 4.34%, repayable in blended monthly instalments of \$5,467 including interest. The loan is secured against a building with a net book value of \$760,482 (2018 - \$792,169). The loan matures June, 2021.	103,062	162,836
	297,341	381,420
Less: Current portion	88,000	83,940
Less: Term loans due on demand	209,341	297,480
	-	-

Principal repayments on term loans due on demand in each of the next five years are estimated as follows:

2020	88,000
2021	67,000
2022	28,000
2023	30,000
2024	31,000

**TS&M Woodlawn Golf Club**  
**Notes to the Financial Statements**  
For the year ended October 31, 2019  
(Unaudited)

**10. Capital lease obligations**

	2019	2018
Obligation under capital lease repayable to Golf Lease Inc. over a six month term from May to October until October 2020, through monthly instalments of \$3,070 bearing interest at 7.35%, secured against equipment with a net book value of \$36,170 (2018 - \$45,213).	17,370	33,761
Less: Current portion	17,370	17,474
	-	16,287

Future minimum lease payments related to obligations under capital lease are as follows:

2020	18,115
Less: imputed interest	(745)
	17,370
Less: current portion	(17,370)
	-

**11. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

**Credit concentration**

As at October 31, 2019, one (2018 - three) customer accounts for 44% (2018 - 74%) of total accounts receivable. The Organization believes that there is no unusual exposure associated with the collection of these receivables. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

**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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate price risk on its fixed rate term loans due on demand and capital leases which have fixed interest rates ranging from 4.34% to 7.35% (2018 - 4.34% to 7.35%).

The Organization is exposed to interest rate cash flow risk on its bank indebtedness and variable rate term loans due on demand which have interest rates ranging from prime plus 1.00% to prime plus 1.60% (2018 - prime plus 1.00% to prime plus 1.60%).

**Liquidity risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to borrow funds from financial institutions or other creditors, for which repayment is required at various maturity dates.

**TS&M Woodlawn Golf Club**  
**Notes to the Financial Statements**  
*For the year ended October 31, 2019*  
*(Unaudited)*

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**12. Lifetime and appointed memberships**

As at October 31, 2019, the Organization has provided two on-going lifetime memberships (2018 - two) to members that have been active at the Golf Course volunteering time towards the junior golf program.

As at October 31, 2019, the Organization has provided two appointed life memberships to two former employees (2018 - two), as per a severance agreement.

As at October 31, 2019, the Organization has provided one 5-year membership to an employee (2018 - none), as per a severance agreement.

**13. Future revenue commitments**

The Organization has entered into agreements with various local businesses for bench advertisements for a period of five years, of which the majority commenced November 1, 2018. The total price per bench is \$5,000, to be paid in annual instalments of \$1,000.

The Organization has entered into an agreement with TS&M Technical Sales and Maintenance Company to sell the naming rights of the Golf Course for a period of ten years, which commenced July 1, 2012. The total price of the naming rights were \$500,000, paid in annual instalments of \$50,000.

The Organization has entered into agreements with various local businesses for sponsoring granite hole sign advertisements for a period of 25 years, of which the majority commenced March 1, 2013. The total price per hole sign advertisement is \$25,000, to be paid in annual instalments of \$5,000 over a five year period.

The Organization has entered into agreements with various local businesses for advertising on golf carts and playing privileges for a period of three years. The total price per cart advertisement and playing privileges ranges from \$10,500 to \$18,000, to be paid in annual instalments ranging from \$3,500 to \$6,000.

**14. Commitments**

The Organization has entered into an agreement with Woodlawn Regional Park Authority (WLRP). Where WLRP will transfer a minimum of \$5,000 or 25% of their annual reserve in the name of the Organization in exchange for services for weed spraying and fertilization for the park. The reserve relates to a prepayment for future road replacement owned by WLRP.

**15. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.