

BOWEN ISLAND GOLF ASSOCIATION

Bowen Island, B.C.

FINANCIAL STATEMENTS

December 31, 2015

TELFORD ASSOCIATES

Chartered Professional Accountants

Kerrisdale Professional Centre
2025 West 42nd Avenue #380
Vancouver, B.C. Canada
V6M 2B5

Tel: **604-266-4343**
Fax: 604-266-4359
info@telfordcpa.com
www.telfordcpa.com

NOTICE TO READER

On the basis of information provided by management, we have compiled the statement of financial position of Bowen Island Golf Association as at December 31, 2015 and the statement of operations and members' equity for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these financial statements may not be appropriate for their purposes.


Telford Associates
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
May 16, 2016

BOWEN ISLAND GOLF ASSOCIATION

STATEMENT OF OPERATIONS

(unaudited - see Notice to Reader)

For the year ended December 31, 2015

	2015	2014
	\$	\$
Revenue		
Green fees	136,099	134,775
Membership fees	180,900	184,762
Rentals and range	44,219	40,058
Miscellaneous	4,641	796
Profit on pro shop merchandise sales (Note 7)	7,355	12,623
Profit on food and beverage operations (Note 8)	13,289	16,024
	<u>386,503</u>	<u>389,038</u>
Operating Expenses		
Pro Shop		
Employee cost	7,626	90,324
Management fees	74,820	-
Other	7,653	17,640
	<u>90,099</u>	<u>107,964</u>
Golf Course		
Employee cost	146,271	138,938
Other (Note 9)	83,681	85,724
Amortization	48,833	50,300
	<u>278,785</u>	<u>274,962</u>
Total operating expenses	<u>368,884</u>	<u>382,926</u>
Net operating income	17,619	6,112
Administrative Expenses (Note 10)	<u>64,770</u>	<u>79,236</u>
Net (Loss) From Operations	(47,151)	(73,124)
Other		
Initiation fees	-	23,200
Fundraising, including donations and grants	67,885	52,124
Contributions to golf club operations	1,540	2,380
Gain on disposal of capital assets	530	5,741
	<u>69,955</u>	<u>83,445</u>
Net operating income	22,804	10,321
Members' equity, beginning	346,477	336,156
Members' equity, ending	369,281	346,477

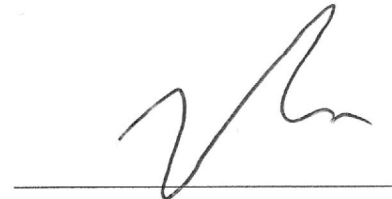
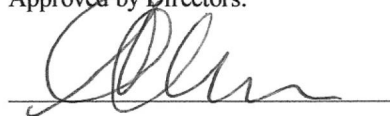
BOWEN ISLAND GOLF ASSOCIATION

STATEMENT OF FINANCIAL POSITION (unaudited - see Notice to Reader)

December 31, 2015

	2015	2014
	\$	\$
Assets		
Current		
Cash and term deposits	58,297	103,639
Receivables	8,035	2,407
Inventory	6,492	13,581
Agreement receivable (Note 3)	169,094	169,094
Prepaid expenses	18,337	-
	<u>260,255</u>	<u>288,721</u>
Promissory note receivable (Note 4)	7,200	9,600
Property and equipment (Note 5)	288,761	250,796
	<u>556,216</u>	<u>549,117</u>
Liabilities		
Current		
Payables and accruals	4,626	10,130
Deferred revenue	2,297	2,187
Junior development fund	4,550	4,550
Current portion of promissory notes payable (Note 6)	174,954	179,408
	<u>186,427</u>	<u>196,275</u>
Promissory notes payable (Note 6)	508	6,365
	<u>186,935</u>	<u>202,640</u>
Members' Equity	369,281	346,477
	<u>556,216</u>	<u>549,117</u>

Approved by Directors:



BOWEN ISLAND GOLF ASSOCIATION

STATEMENT OF CASH FLOWS

(unaudited - see Notice to Reader)

For the year ended December 31, 2015

	2015	2014
	\$	\$
Cash flows related to operating activities		
Net operating income	22,804	10,321
Adjustments for items not affecting cash:		
Amortization	48,833	50,300
Gain on disposal of property and equipment	(530)	(5,741)
	<u>71,107</u>	<u>54,880</u>
Changes in non-cash working capital:		
Receivables	(5,628)	1,145
Inventories	7,089	10,671
Prepaid expenses	(18,337)	-
Payables and accruals	(5,504)	(2,164)
Deferred revenue	110	(13,966)
Junior development program	-	600
	<u>48,837</u>	<u>51,166</u>
Cash flows related to investing activities		
Purchase of property and equipment	(105,768)	(20,292)
Proceeds on disposal of property and equipment	19,500	25,357
Repayments (advances) of promissory note receivable	2,400	(9,600)
	<u>(83,868)</u>	<u>(4,535)</u>
Cash flows related to financing activities		
Repayments of promissory notes payable	(10,311)	(25,531)
	<u>(10,311)</u>	<u>(25,531)</u>
Net increase (decrease) in cash	(45,342)	21,100
Cash, beginning	103,639	82,539
Cash, ending	58,297	103,639
Cash represented by:		
Cash	8,161	52,945
Term deposits	50,136	50,694
	<u>58,297</u>	<u>103,639</u>

BOWEN ISLAND GOLF ASSOCIATION

NOTES

(unaudited - see Notice to Reader)

For the year ended December 31, 2015

Note 1 General

The Bowen Island Golf Association ("BIGA") was incorporated in 1988 under the laws of British Columbia. The purpose is to foster and promote the game of golf on Bowen Island, provided that the Society shall not own, operate or manage a social club.

Readers are cautioned that a "Notice to Reader" does not require that any notes to the financial statements be presented. The notes contained herein are for clarification purposes only and no inference should be drawn that they are detailed or complete, or that there are no other notes that would be required had the financial statements been presented under a form of report other than "Notice to Reader".

Note 2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the following significant accounting policies:

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

Property and Equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated annually as follows:

Furniture and equipment	-	20%	declining balance
Computer hardware	-	20%	declining balance
Computer software	-	30%	declining balance
Mobile equipment	-	20%	declining balance
Golf carts	-	20%	declining balance
Leasehold improvements - clubhouse	-	10%	declining balance
Leasehold improvements - grounds	-	5 year	straight-line

except in the year of acquisition, at which time amortization is provided for at one-half the annual rate.

Note 3 Agreement Receivable

Pursuant to an agreement dated December 15, 2008, Bowen Island Properties Ltd. agreed to assume responsibility for the promissory notes as set out in Note 6 to these financial statements. Interest has not been accrued in these statements.

BOWEN ISLAND GOLF ASSOCIATION

NOTES

(unaudited - see Notice to Reader)

For the year ended December 31, 2015

Note 4 Promissory Note Receivable

Pursuant to an agreement dated December 31, 2014, BIGA agreed to loan \$9,600 for the purchase of a truck. The loan is repayable in 48 monthly payments of \$200, with no interest.

Note 5 Property and Equipment

	Cost	2015 Accumulated Amortization	Net	2014 Net
	\$	\$	\$	\$
Furniture and equipment	26,450	17,082	9,368	9,367
Computer hardware and software	8,995	7,296	1,699	2,185
Mobile equipment	323,617	236,690	86,927	60,637
Golf carts	76,590	20,685	55,905	24,970
Leasehold improvements - grounds	61,281	54,625	6,656	11,186
Leasehold improvements - clubhouse	197,441	69,235	128,206	142,451
	<u>694,374</u>	<u>405,613</u>	<u>288,761</u>	<u>250,796</u>

Note 6 Promissory Notes Payable

	2015 \$	2014 \$
(i) promissory notes in the amount of \$169,094, commonly referred to as the Friends of Golf (FOG) loans, are to be repaid from the proceeds of the agreement receivable (see note 3). Both the agreement receivable and the promissory notes are accruing interest at 6% per annum from October 14, 2012, however, neither payment of principal nor interest was received. In the event that the agreement receivable is not repaid, BIGA is liable to repay the promissory notes.	169,094	169,094
(ii) various capital acquisition promissory notes are to be repaid in twelve quarterly instalments including interest at 3% per annum.	6,368	16,679
Total promissory notes	<u>175,462</u>	<u>185,773</u>
Less: Current portion	<u>174,954</u>	<u>179,408</u>
	<u>508</u>	<u>6,365</u>

BOWEN ISLAND GOLF ASSOCIATION

NOTES

(unaudited - see Notice to Reader)

For the year ended December 31, 2015

Note 7 Pro Shop Merchandise Sales

	2015	2014
	\$	\$
Sales	22,751	43,486
Cost of goods sold	(15,396)	(30,863)
	<u>7,355</u>	<u>12,623</u>

Note 8 Food And Beverage Operations

	2015	2014
	\$	\$
Rent revenue	17,132	17,711
Direct expenses	(3,843)	(1,687)
	<u>13,289</u>	<u>16,024</u>

Note 9 Golf Course Expenses - Other

	2015	2014
	\$	\$
Sand, seed and amendments	18,502	8,593
Fertilizer and fungicides	26,999	27,232
Equipment repairs and maintenance	16,163	20,601
Golf course repairs and maintenance	11,339	12,801
Fuel and lubricants	10,633	14,331
Other	45	2,166
	<u>83,681</u>	<u>85,724</u>

BOWEN ISLAND GOLF ASSOCIATION

NOTES

(unaudited - see Notice to Reader)

For the year ended December 31, 2015

Note 10 Administrative Expenses

	2015	2014
	\$	\$
Advertising	3,254	6,286
Credit card commissions	7,186	9,535
Dues and subscriptions	6,061	7,217
Insurance	10,146	10,464
Interest, net of interest income	(810)	353
Legal and accounting	7,450	6,940
Office and miscellaneous	8,876	17,128
Telephone	6,342	6,583
Utilities	16,265	14,730
	<hr/>	<hr/>
	64,770	79,236
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Note 11 Ground Lease Agreement

Effective April 1, 2006, the date of substantial completion of the course, BIGA entered into a thirty year agreement with Seymour Bay Foundation ("SBF") to lease the golf course lands. The initial ten year term's annual lease rate was \$100. The annual lease rate is subject to negotiation at the beginning of the second ten year term, which commenced April 1, 2016. As of the date of these financial statements the negotiations are ongoing with SBF regarding lease payments for the remaining term of the lease.