

BOWEN ISLAND GOLF ASSOCIATION

Bowen Island, B.C.

FINANCIAL STATEMENTS

December 31, 2017

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, 2017 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.
March 19, 2018

BOWEN ISLAND GOLF ASSOCIATION

STATEMENT OF OPERATIONS

(unaudited - see Notice to Reader)

For the year ended December 31, 2017

	2017	2016
	\$	\$
Revenue		
Green fees	135,882	141,239
Membership fees	177,128	186,651
Rentals and range	51,287	55,515
Miscellaneous	-	4,634
Profit on pro shop merchandise sales (Note 7)	1,615	10,490
Profit (loss) on food and beverage operations (Note 8)	(6,349)	12,190
	<u>359,563</u>	<u>410,719</u>
Operating Expenses		
Pro Shop		
Employee cost	14,677	14,908
Management fees	90,000	85,080
Other	4,798	9,778
	<u>109,475</u>	<u>109,766</u>
Golf Course		
Employee cost	123,490	126,673
Other (Note 9)	91,462	80,382
Amortization	44,405	50,285
	<u>259,357</u>	<u>257,340</u>
Total operating expenses	<u>368,832</u>	<u>367,106</u>
Net operating (loss) income	(9,269)	43,613
Administrative Expenses (Note 10)	<u>64,103</u>	<u>71,613</u>
Net Loss From Operations	<u>(73,372)</u>	<u>(28,000)</u>
Other Income		
Initiation fees	-	27,500
Fundraising, including donations and grants	53,597	54,296
Contributions to golf club operations	-	647
	<u>53,597</u>	<u>82,443</u>
Net operating (loss) income	<u>(19,775)</u>	<u>54,443</u>
Members' equity, beginning	423,724	369,281
Members' equity, ending	<u>403,949</u>	<u>423,724</u>

BOWEN ISLAND GOLF ASSOCIATION

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

December 31, 2017

	2017	2016
	\$	\$
Assets		
Current		
Cash and term deposits	210,448	184,176
Receivables	1,788	1,788
Inventory	8,584	6,670
Agreement receivable (Note 3)	169,094	169,094
Prepaid expenses	3,864	-
	<u>393,778</u>	<u>361,728</u>
Promissory note receivable (Note 4)	3,000	5,400
Property and equipment (Note 5)	238,101	259,680
	<u>634,879</u>	<u>626,808</u>
Liabilities		
Current		
Payables and accruals	8,470	4,230
Deferred revenue	28,816	25,210
Junior development fund	4,550	4,550
Current portion of promissory notes payable (Note 6)	176,118	169,094
	<u>217,954</u>	<u>203,084</u>
Promissory notes payable (Note 6)	12,976	-
	<u>230,930</u>	<u>203,084</u>
Members' Equity	403,949	423,724
	<u>634,879</u>	<u>626,808</u>

Approved by Directors:



BOWEN ISLAND GOLF ASSOCIATION

STATEMENT OF CASH FLOWS

(unaudited - see Notice to Reader)

For the year ended December 31, 2017

	2017	2016
	\$	\$
Cash flows related to operating activities		
Net operating income	(19,775)	54,443
Adjustments for items not affecting cash:		
Amortization	44,405	50,285
	<u>24,630</u>	<u>104,728</u>
Changes in non-cash working capital:		
Receivables	-	6,247
Inventories	(1,914)	(178)
Prepaid expenses	(3,864)	18,337
Payables and accruals	4,240	(396)
Deferred revenue	3,606	22,913
	<u>26,698</u>	<u>151,651</u>
Cash flows related to investing activities		
Purchase of property and equipment	(22,826)	(21,204)
Repayments of promissory note receivable	2,400	1,800
	<u>(20,426)</u>	<u>(19,404)</u>
Cash flows related to financing activities		
Advances (repayments) of promissory notes payable	20,000	(6,368)
	<u>20,000</u>	<u>(6,368)</u>
Net increase in cash	26,272	125,879
Cash, beginning	184,176	58,297
Cash, ending	210,448	184,176
Cash represented by:		
Cash	107,881	83,082
Term deposits	102,567	101,094
	<u>210,448</u>	<u>184,176</u>

BOWEN ISLAND GOLF ASSOCIATION

NOTES

(unaudited - see Notice to Reader)

For the year ended December 31, 2017

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 accounting standards for private enterprises ("ASPE") 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, 2017

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	2017 Accumulated Amortization	Net	2016 Net
	\$	\$	\$	\$
Furniture and equipment	30,712	20,881	9,831	7,495
Computer hardware and software	8,995	7,959	1,036	1,325
Mobile equipment	363,386	275,778	87,608	88,625
Golf carts	76,590	40,811	35,779	44,724
Leasehold improvements - grounds	61,281	61,281	-	2,126
Leasehold improvements - clubhouse	197,441	93,594	103,847	115,385
	738,405	500,304	238,101	259,680

BOWEN ISLAND GOLF ASSOCIATION

NOTES

(unaudited - see Notice to Reader)

For the year ended December 31, 2017

Note 6 Promissory Notes Payable

	2017 \$	2016 \$
(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) promissory notes in the amount of \$20,000, commonly referred to as the Friends of Equipment (FOE) lenders. Interest shall commence July 1, 2017 and payments of principal and accrued interest will be made semi-annually thereafter on February 1 and July 1. BIGA shall pay each FOE lender eight hundred and seventy eight dollars, being principal and interest with a total of six such semi-annual payments being made to each FOE lender.	20,000	-
Total promissory notes	189,094	169,094
Less: Current portion	176,118	169,094
	12,976	-

BOWEN ISLAND GOLF ASSOCIATION

NOTES

(unaudited - see Notice to Reader)

For the year ended December 31, 2017

Note 7 Pro Shop Merchandise Sales

	2017	2016
	\$	\$
Sales	28,423	21,044
Cost of goods sold	(26,808)	(10,554)
	<u>1,615</u>	<u>10,490</u>

Note 8 Food And Beverage Operations

	2017	2016
	\$	\$
Rent revenue	16,327	13,133
Direct expenses	(22,676)	(943)
	<u>(6,349)</u>	<u>12,190</u>

In 2014, the Bowen Island Golf Association contracted, to a third party, the Food and Beverage Operations. The contract ceased during the 2017 fiscal year.

Note 9 Golf Course Expenses - Other

	2017	2016
	\$	\$
Sand, seed and amendments	15,537	6,973
Fertilizer and fungicides	32,346	33,003
Equipment repairs and maintenance	16,397	14,252
Golf course repairs and maintenance	15,413	12,875
Fuel and lubricants	11,730	12,639
Other	39	640
	<u>91,462</u>	<u>80,382</u>

BOWEN ISLAND GOLF ASSOCIATION

NOTES

(unaudited - see Notice to Reader)

For the year ended December 31, 2017

Note 10 Administrative Expenses

	2017	2016
	\$	\$
Advertising	4,996	5,338
Credit card commissions	7,703	6,950
Dues and subscriptions	4,096	2,280
Insurance	11,314	11,180
Interest, net of interest income	(1,657)	(1,116)
Legal and accounting	8,255	7,265
Office and miscellaneous	9,250	16,346
Telephone	7,651	6,227
Utilities	12,495	17,143
	<hr/> 64,103 <hr/>	<hr/> 71,613 <hr/>

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.

Note 12 Monaghan Golf Inc.

As of March 1, 2017, Bowen Island Golf Association entered into a contract with Monaghan Golf Inc. to have them manage the day to day operations of the Pro Shop during the months of March to October. The contract covers the period of March 1, 2017 to February 28, 2020 and carries a monthly fee of \$11,250 plus 5% GST.