

**NOVA SCOTIA GOLF ASSOCIATION**  
**Financial Statements**  
**Year Ended December 31, 2018**

*Draft for discussion purposes only*

**NOVA SCOTIA GOLF ASSOCIATION**  
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**Year Ended December 31, 2018**

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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, 2018 and 2017, 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, 2018 and 2017, 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.

### *Other Matter*

The financial statements of Nova Scotia Golf Association for the year ended December 31, 2017 were audited by another auditor who expressed a qualified opinion on those financial statements on October 20, 2018 for the reasons described in the *Basis for Qualified Opinion* section.

### *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  
Licensed Public Accountants

**NOVA SCOTIA GOLF ASSOCIATION**  
**Statement of Operations**  
**Year Ended December 31, 2018**

|   | 2018             | 2017             |
|---|------------------|------------------|
| <b>Revenues</b>                         |                  |                  |
| Membership dues                         |                  |                  |
| Gold credits                            | \$ 403,651       | \$ 332,238       |
| Public Player Program                   | 17,125           | 13,526           |
| Facility                                | 9,250            | 10,750           |
|   | <u>430,026</u>   | 356,514          |
| <br>                                    |                  |                  |
| Tournament entry fees (Note 9)          | 128,285          | 127,707          |
| Grants                                  | 59,337           | 68,815           |
| General revenue                         | 23,680           | 35,881           |
| Player and camp training                | 16,500           | 27,867           |
| Interest and other income               | 520              | 324              |
|   | <u>658,348</u>   | 617,108          |
| <br>                                    |                  |                  |
| <b>Expenses</b>                         |                  |                  |
| Advertising and promotion               | 6,707            | 10,993           |
| Amortization                            | 3,633            | 3,373            |
| Awards and trophies                     | 1,325            | 1,694            |
| Bad debts                               | -                | 2,030            |
| Golf Canada Future Links                | 6,402            | 4,255            |
| Golf Canada dues                        | 243,976          | 173,424          |
| Insurance                               | 5,614            | 5,927            |
| Interest and bank charges               | 1,685            | 1,804            |
| National Golf Championships             | 17,998           | 17,975           |
| Office                                  | 19,683           | 21,135           |
| Professional fees                       | 4,960            | 3,680            |
| Rental                                  | 16,334           | 22,180           |
| Salaries and wages                      | 130,203          | 141,851          |
| Slope rating                            | 739              | 5,024            |
| Telephone                               | 5,019            | 4,290            |
| Tournament (Note 9)                     | 118,228          | 132,545          |
| Training - Player camp                  | 26,959           | 31,147           |
| Training - Seminars and workshops       | 6,307            | 133              |
| Travel and meetings                     | 24,429           | 23,569           |
|   | <u>640,201</u>   | 607,029          |
| <br>                                    |                  |                  |
| <b>Excess of revenues over expenses</b> | <b>\$ 18,147</b> | <b>\$ 10,079</b> |

**NOVA SCOTIA GOLF ASSOCIATION**  
**Statement of Financial Position**  
**December 31, 2018**

|   | 2018              | 2017              |
|---|-------------------|-------------------|
| <b>ASSETS</b>                                     |                   |                   |
| <b>Current</b>                                    |                   |                   |
| Cash  | \$ 142,645        | \$ 116,935        |
| Accounts receivable                               | 12,031            | 8,226             |
| HST receivable                                    | 4,287             | 10,578            |
| Prepaid expenses                                  | 6,583             | 4,425             |
|   | <u>165,546</u>    | 140,164           |
| <b>Capital assets (Note 4)</b>                    | <u>10,851</u>     | 10,517            |
|   | <u>\$ 176,397</u> | <u>\$ 150,681</u> |
| <b>LIABILITIES</b>                                |                   |                   |
| <b>Current</b>                                    |                   |                   |
| Accounts payable and accrued liabilities (Note 5) | \$ 27,437         | \$ 26,868         |
| Deferred sponsorships and grants                  | 8,000             | 1,000             |
|   | <u>35,437</u>     | 27,868            |
| <b>NET ASSETS</b>                                 |                   |                   |
| Unrestricted net assets                           | 130,903           | 122,813           |
| Tournament fund (Note 9)                          | 10,057            | -                 |
|   | <u>140,960</u>    | 122,813           |
|   | <u>\$ 176,397</u> | <u>\$ 150,681</u> |

Lease commitment (Note 8)

**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, 2018**

|   | Unrestricted<br>Net Assets | Tournament<br>Fund | <b>2018</b>       | 2017       |
|---|----------------------------|--------------------|-------------------|------------|
| <b>Net assets - beginning of year</b>   | \$ 122,813                 | \$ -               | <b>\$ 122,813</b> | \$ 112,734 |
| <b>Excess of revenues over expenses</b> | 8,090                      | 10,057             | <b>18,147</b>     | 10,079     |
| <b>Net assets - end of year</b>         | \$ 130,903                 | \$ 10,057          | <b>\$ 140,960</b> | \$ 122,813 |

*Draft for discussion purposes only*

**NOVA SCOTIA GOLF ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended December 31, 2018**

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>              |                   |                   |
| Excess of revenues over expenses         | \$ 18,147         | \$ 10,079         |
| Item not affecting cash:                 |                   |                   |
| Amortization of capital assets           | 3,633             | 3,373             |
|  | <u>21,780</u>     | <u>13,452</u>     |
| Changes in non-cash working capital:     |                   |                   |
| Accounts receivable                      | (3,805)           | (3,985)           |
| HST receivable                           | 6,291             | (4,883)           |
| Prepaid expenses                         | (2,158)           | 5,180             |
| Accounts payable and accrued liabilities | 569               | 6,785             |
| Deferred income                          | 7,000             | (1,902)           |
|  | <u>7,897</u>      | <u>1,195</u>      |
|  | <u>29,677</u>     | <u>14,647</u>     |
| <b>INVESTING ACTIVITY</b>                |                   |                   |
| Purchase of capital assets               | (3,967)           | (3,975)           |
| <b>Increase in cash flow</b>             | <b>25,710</b>     | <b>10,672</b>     |
| <b>Cash - beginning of year</b>          | <b>116,935</b>    | <b>106,263</b>    |
| <b>Cash - end of year</b>                | <b>\$ 142,645</b> | <b>\$ 116,935</b> |



# NOVA SCOTIA GOLF ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2018

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### 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 (ASNFPO). 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.

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**NOVA SCOTIA GOLF ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

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.

4. CAPITAL ASSETS

|                         | Cost             | Accumulated<br>amortization | 2018<br>Net book<br>value | 2017<br>Net book<br>value |
|-------------------------|------------------|-----------------------------|---------------------------|---------------------------|
| Computer equipment      | \$ 2,922         | \$ 731                      | \$ 2,191                  | \$ -                      |
| Equipment and furniture | 5,020            | 1,218                       | 3,802                     | 3,577                     |
| Vehicle                 | 23,806           | 18,948                      | 4,858                     | 6,940                     |
|                         | <b>\$ 31,748</b> | <b>\$ 20,897</b>            | <b>\$ 10,851</b>          | <b>\$ 10,517</b>          |

5. ACCOUNTS PAYABLE

|  | 2018             | 2017             |
|--|------------------|------------------|
| Trade payables and accrued liabilities | \$ 10,785        | \$ 11,312        |
| Gift certificates                      | 15,710           | 13,795           |
| Payroll remittances                    | 942              | 1,761            |
|  | <b>\$ 27,437</b> | <b>\$ 26,868</b> |

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.

**NOVA SCOTIA GOLF ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

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6. CREDIT CARD

The Association has a Scotiabank credit card with a limit of \$28,000 of which \$3,130 was outstanding and included in accounts payable at December 31, 2018. Purchases bear interest at 19.99% annually and cash advances bear interest at 22.99% annually.

7. 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, 2018.

**(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.

8. 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 \$1,464.85 including HST.

**NOVA SCOTIA GOLF ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

9. 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:

|  | <u>2018</u>      | <u>2017</u>       |
|--|------------------|-------------------|
| <u>Revenue</u>                         |                  |                   |
| Entry fees                             | \$ 128,285       | \$ 127,707        |
| <u>Expenses</u>                        |                  |                   |
| Banquets                               | 15,870           | 13,208            |
| Blue golf                              | 5,256            | 6,958             |
| Committee travel and expenses          | 21,059           | 19,344            |
| Course honorariums                     | 43,105           | 54,475            |
| Fore caddies and cards                 | 2,913            | 5,009             |
| Office and miscellaneous               | 7,472            | 8,261             |
| Printing, copying, and other           | 4,739            | 4,780             |
| Prizes and gift certificates           | 17,814           | 20,510            |
|  | <u>118,228</u>   | <u>132,545</u>    |
| Excess revenue (expenses) for the year | <u>\$ 10,057</u> | <u>\$ (4,838)</u> |

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.