

**THE MISSISSIPPI GOLF CLUB, LIMITED**

**FINANCIAL STATEMENTS**  
**(Prepared without Audit)**

**DECEMBER 31, 2021**

Independent Practitioner's Review Engagement Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements



CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

# KELLY HUIBERS McNEELY

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P R O F E S S I O N A L C O R P O R A T I O N

## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Shareholders of The Mississippi Golf Club, Limited,

We have reviewed the accompanying financial statements of The Mississippi Golf Club, Limited that comprise the statement of financial position as at December 31, 2021 and the statements of operations, 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.

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## **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 The Mississippi Golf Club, Limited as at December 31, 2021, 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.

*Kelly Huibers McNeely*  
*Professional Corporation*

Carleton Place, Ontario  
April 25, 2022

Authorized to practise public accounting by  
The Chartered Professional Accountants of Ontario

**THE MISSISSIPPI GOLF CLUB, LIMITED**

**STATEMENT OF FINANCIAL POSITION**  
**(Prepared without Audit)**

**As at December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 804,776	\$ 528,092
Accounts receivable	3,435	396
Government wage subsidy receivable	-	43,494
HST receivable	11,286	23,685
Inventory	4,994	6,438
Prepaid expenses	<u>42,707</u>	<u>2,226</u>
	867,198	604,331
CAPITAL ASSETS (note 2)	1,829,748	1,944,926
	<b>\$ 2,696,946</b>	<b>\$ 2,549,257</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 18,931	\$ 34,737
Government payables	8,434	9,174
Deferred revenue (note 4)	105,910	222,708
Current portion of obligations under capital lease (note 5)	10,445	17,752
Scheduled repayments or renewals of long-term debt (note 6)	<u>1,023,070</u>	<u>47,000</u>
Current liabilities before callable debt	1,166,790	331,371
Callable debt (note 6)	<u>39,470</u>	<u>40,063</u>
	1,206,260	371,434
CAPITAL LEASE OBLIGATIONS (note 5)	6,789	40,472
LONG-TERM DEBT (note 6)	<u>40,000</u>	<u>1,063,028</u>
	1,253,049	1,474,934
<b>NET ASSETS</b>	1,443,897	1,074,323
	<b>\$ 2,696,946</b>	<b>\$ 2,549,257</b>

APPROVED ON BEHALF OF THE BOARD:

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

THE MISSISSIPPI GOLF CLUB, LIMITED

STATEMENT OF OPERATIONS  
(Prepared without Audit)

For the year ended December 31, 2021

	2021	2020
REVENUE		
Memberships	\$ 739,498	\$ 570,477
Green fees	389,925	429,019
Bar sales	231,604	220,331
Golf cart rental	177,229	176,833
Investment income	3,260	1,462
Advertising and miscellaneous	12,027	13,835
	<u>1,553,543</u>	<u>1,411,957</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Wages and employee benefits	547,061	490,674
Less: wage subsidy (note 10)	(155,021)	(197,984)
Greens	281,954	208,786
House	82,231	124,105
Bar purchases	87,537	86,452
Property taxes	18,797	18,923
Insurance	25,320	20,477
Membership fee reductions (note 11)	13,968	12,826
Accounting	22,796	19,468
Match committee	10,082	4,920
Printing, postage and supplies	14,859	20,111
Advertising	5,251	11,416
Mortgage interest - long-term	37,333	38,597
Interest on capital leases	2,197	3,140
Golf carts	20,745	14,964
Interest and bank charges	24,489	25,697
Professional fees	4,500	4,500
	<u>1,044,099</u>	<u>907,072</u>
REVENUE FROM OPERATIONS	509,444	504,885
Amortization	(149,598)	(163,557)
Gain on disposal of capital assets	9,628	-
<b>NET REVENUE</b>	<b>\$ 369,474</b>	<b>\$ 341,328</b>

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

**THE MISSISSIPPI GOLF CLUB, LIMITED**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**(Prepared without Audit)**

**For the year ended December 31, 2021**

	Unrestricted		Internally Restricted Capital Reserve	Invested in Capital Assets (note 8)	<b>Total 2021</b>	<b>Total 2020</b>
	Share Capital (note 7)	General				
Balance - beginning of year	\$ 123,450	\$ 142,720	\$ 31,542	\$ 776,611	\$ 1,074,323	\$ 731,695
Net revenue (expenditures)	-	400,819	118,253	(149,598)	369,474	341,328
Issuance of shares and other capital	100	-	-	-	100	1,300
Investment in capital assets (note 8b)	-	(75,410)	(47,551)	122,961	-	-
<b>Balance - end of year</b>	<b>\$ 123,550</b>	<b>\$ 468,129</b>	<b>\$ 102,244</b>	<b>\$ 749,974</b>	<b>\$ 1,443,897</b>	<b>\$ 1,074,323</b>

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

**THE MISSISSIPPI GOLF CLUB, LIMITED**

**STATEMENT OF CASH FLOWS**  
**(Prepared without Audit)**

**For the year ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net revenue	\$ 369,474	\$ 341,328
Items not affecting cash:		
Amortization	149,598	163,557
Gain on disposal of capital assets	(9,628)	-
Net change in non-cash working capital items:		
Accounts receivable	(3,039)	3,129
Government wage subsidy receivable	43,494	(43,494)
HST receivable	12,399	(20,023)
Inventory	1,444	(147)
Prepaid expenses	(40,481)	4,746
Accounts payable and accrued liabilities	(15,806)	2,940
Government payables	(740)	3,900
Deferred revenue	(116,798)	129,640
	<u>389,917</u>	<u>585,576</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(34,420)	(54,607)
Proceeds on disposal of capital assets	9,628	-
	<u>(24,792)</u>	<u>(54,607)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds on issuance of long-term debt	-	40,000
Repayment of long-term debt	(47,551)	(22,973)
Repayment of capital lease obligations	(40,990)	(84,825)
Issuance of shares	100	1,300
	<u>(88,441)</u>	<u>(66,498)</u>
<b>NET CHANGE IN CASH</b>	<b>276,684</b>	<b>464,471</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>528,092</b>	<b>63,621</b>
<b>CASH - END OF YEAR</b>	<b>\$ 804,776</b>	<b>\$ 528,092</b>

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

**THE MISSISSIPPI GOLF CLUB, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Prepared without Audit)**

**DECEMBER 31, 2021**

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**NATURE OF OPERATIONS**

The Club is incorporated under the laws of Ontario and operates a non-profit golf and country club. The Club, being a recreational organization, is exempt from income taxes under Section 149(1)(L) of the Income Tax Act.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The principal accounting policies of the Club are summarized as follows:

Revenue Recognition

All revenue is recognized on the date goods or services are provided and collectibility can be reasonably assured.

Membership fees are recognized as revenue in the year that membership to the Club is provided.

Capital equipment assessments included in membership fees are allocated to the capital reserve fund. This fund is internally restricted by the Club for future capital purposes.

Cash and Cash Equivalents

The Club considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Inventory

The Club values its bar inventory at the lesser of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Capital Lease Obligations

Leases entered into, that transfer substantially all the benefits and risks associated with ownership, are recorded as the acquisition of capital assets and the incurrence of an obligation. The asset is amortized in a manner consistent with assets owned by the Club, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.



**THE MISSISSIPPI GOLF CLUB, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Prepared without Audit)**

**DECEMBER 31, 2021**

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

Accounting Estimates

In preparing the Club's financial statements, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expense during the year. Actual amounts could differ from these estimates.

Capital Assets

Capital assets are stated at cost. Amortization is provided on current purchases at half-rate. When capital assets are disposed of, the related profit or loss is included in current operations. Amortization is calculated using the declining balance method at the following annual rates:

Buildings	-	5%
Course construction and water system	-	5%
Computers	-	30%
Furniture and fixtures	-	20%
Machinery and equipment	-	20%
Parking lot	-	8%
Patio expansion	-	30%
Powered golf carts	-	20%
Computer software	-	100%
Satellite tower	-	20%

**THE MISSISSIPPI GOLF CLUB, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Prepared without Audit)**

**DECEMBER 31, 2021**

**2. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Land	\$ 65,169	\$ -	\$ 65,169	\$ 65,169
Buildings	1,185,408	800,195	385,213	403,989
Course construction and water system	1,428,863	302,031	1,126,832	1,183,391
Computers	44,662	35,175	9,487	13,090
Furniture and fixtures	78,290	56,038	22,252	13,342
Machinery and equipment	1,110,922	976,122	134,800	149,973
Parking lot	73,703	60,388	13,315	14,520
Patio expansion	29,011	27,206	1,805	5,891
Powered golf carts	290,269	219,519	70,750	95,392
Computer software	28,705	28,705	-	-
Satellite tower	4,280	4,155	125	169
	<b>\$ 4,339,282</b>	<b>\$ 2,509,534</b>	<b>\$ 1,829,748</b>	<b>\$ 1,944,926</b>

The net book value of vehicles, machinery and equipment under capital leases as at December 31, 2021 is \$17,870 (2020 - \$43,486).

**3. BANK INDEBTEDNESS**

The Club has available a revolving credit facility at BMO with a limit of \$100,000 at prime plus 0.5%, secured by the property of the Club. As at year end, this credit facility was not used.

**4. DEFERRED REVENUE**

Deferred revenue represents amounts received from Members and prospective Members as a deposit against future membership fees.

**THE MISSISSIPPI GOLF CLUB, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Prepared without Audit)**  
**DECEMBER 31, 2021**

**5. CAPITAL LEASE OBLIGATIONS**

	<b>2021</b>	<b>2020</b>
<b>Turf Care Financial</b>		
Ten powered golf carts under capital lease with blended monthly payments of \$1,633 from May to October each year, repaid in 2021.	-	31,486
<b>Turf Care Financial</b>		
Beverage cart under capital lease with blended monthly payments of \$687 from June to November each year, including interest at an implied rate of 3.18%, and a final purchase option of \$1 due on November 30, 2022.	4,031	7,936
<b>Maxium Financial</b>		
Seeder under capital lease with blended monthly payments of \$689 from May to October each year, including interest at an implied rate of 6.95%, and a final purchase option of \$1 due on October 31, 2023.	7,739	10,799
<b>Turf Care Financial</b>		
Roller under capital lease with blended monthly payments of \$501 from May to October each year, including interest at an implied rate of 7.5%, and a final purchase option of \$1 on October 1, 2023.	\$ 5,464	\$ 8,003
	17,234	58,224
Less: current portion	10,445	17,752
	<b>\$ 6,789</b>	<b>\$ 40,472</b>

The obligations under capital lease are secured by the specific equipment being leased. Future minimum lease payments under these capital lease obligations are as follows:

Year ending December 31,	2022	\$ 11,262
	2023	7,140
		18,402
Less: amount representing interest		1,168
		17,234
Less: current portion		10,445
		<b>\$ 6,789</b>

**THE MISSISSIPPI GOLF CLUB, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Prepared without Audit)**  
**DECEMBER 31, 2021**

**6. LONG-TERM DEBT**

	<b>2021</b>	<b>2020</b>
First mortgage due to Bank of Montreal (BMO) monthly payments of \$7,024 consisting of principal and interest at 3.56%, secured by property held by the Club, due for renewal in May 2022.	\$ 1,023,070	\$ 1,070,028
Members' loans, non-interest bearing in lieu of membership fees, payable on demand.	39,470	40,063
Canada Emergency Business Account loan (CEBA), repayable in part or in full at any time, interest free, no security, due December 31, 2023 (note 9).	40,000	40,000
	1,102,540	1,150,091
Less:		
- BMO principal to be repaid/renewed within 12 months	1,023,070	47,000
- Callable debt	39,470	40,063
	<b>\$ 40,000</b>	<b>\$ 1,063,028</b>

The Members' loans are due on demand, however there are no scheduled repayments that are due in the next five years. Therefore Management expects that the principal portion of long-term debt that will come due over the next two years will be approximately as follows:

2022	-	\$1,023,070
2023	-	40,000

Bank Covenants

The Club is fully compliant with all non-financial borrowing covenants contained in the Bank of Montreal loan agreement; and there are no financial covenants.

**THE MISSISSIPPI GOLF CLUB, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Prepared without Audit)**

**DECEMBER 31, 2021**

**7. SHARE CAPITAL**

	<b>2021</b>	<b>2020</b>
<u>Authorized</u>		
50,000 Class "A" non-cumulative preference shares		
10,000 Class "B" non-cumulative voting preference shares		
3,000 Common shares		
<u>Issued</u>		
1,084 Class "A" preference shares	\$ 108,500	\$ 108,500
2,554 Common shares (2020 - 2,553)	15,050	14,950
	<b>\$ 123,550</b>	<b>\$ 123,450</b>

During the year ended December 31, 2021, 1 share was issued for \$100 (2020 - 13 shares issued).

**8. INVESTED IN CAPITAL ASSETS**

(a) Net assets invested in capital assets at December 31

	<b>2021</b>	<b>2020</b>
Capital assets	\$ 1,829,748	\$ 1,944,926
Less: Capital lease obligations	(17,234)	(58,224)
Long-term debt (excluding CEBA loan)	(1,062,540)	(1,110,091)
	<b>\$ 749,974</b>	<b>\$ 776,611</b>

(b) Investment in capital assets during the year

	<b>2021</b>	<b>2020</b>
Purchase of capital assets	\$ 34,420	\$ 54,607
Repayment of capital lease obligations	40,990	84,825
Repayment of long-term debt	47,551	22,973
	<b>\$ 122,961</b>	<b>\$ 162,405</b>

**THE MISSISSIPPI GOLF CLUB, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Prepared without Audit)**  
**DECEMBER 31, 2021**

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**9. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN**

The Canada Emergency Business Account (CEBA) is an interest-free loan and 25% of the loan is forgivable if the Company repays the loan on or before December 31, 2023. If the loan is not repaid by that date, the loan can be converted to a two-year term loan at an interest rate of 5%.

**10. CANADA EMERGENCY WAGE SUBSIDY**

The Company has claimed the Canada Emergency Wage Subsidy (CEWS) based on Management's interpretation of the applicable legislation in the Income Tax Act. These claims are subject to review by Canada Revenue Agency (CRA); and any future CRA adjustments to these CEWS claims will be recorded by the Company in the year of the adjustment.

**11. MEMBERSHIP FEE REDUCTIONS**

Members who have made loans to the Club have received reduced membership fees and will continue to pay reduced membership fees until they leave the Club. The loans from Members resulted in membership fee reductions of \$13,968 (2020 - \$12,826). The fee reductions are reflected on the accompanying financial statements by an increase in membership fee income and a corresponding expense of the same amount.

**12. FINANCIAL INSTRUMENTS**

The Club's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, capital lease obligations, and long-term debt. It is Management's opinion that the fair value of these instruments is not materially different than their cost and that the Club is not exposed to significant interest rate, currency or credit risk.