

MISSISSIPPI GOLF CLUB
FINANCIAL STATEMENTS
(Prepared without Audit)
DECEMBER 31, 2023

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

PROFESSIONAL CORPORATION

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Shareholders of Mississippi Golf Club

We have reviewed the accompanying financial statements of Mississippi Golf Club that comprise the statement of financial position as at December 31, 2023 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 Mississippi Golf Club as at December 31, 2023, 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 29, 2024

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

MISSISSIPPI GOLF CLUB

STATEMENT OF FINANCIAL POSITION
(Prepared without Audit)

As at December 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 414,767	\$ 684,976
Non-cashable GICs	416,400	-
Accounts receivable	1,554	1,970
HST receivable	16,575	30,584
Inventory	7,542	6,974
Prepaid expenses	<u>45,579</u>	<u>14,591</u>
	902,417	739,095
CAPITAL ASSETS (note 2)	2,002,887	2,025,933
	<u>\$ 2,905,304</u>	<u>\$ 2,765,028</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 50,920	\$ 32,206
Government payables	5,245	9,852
Deferred revenue (note 4)	183,836	152,008
Current portion of obligations under capital lease (note 5)	-	6,682
Scheduled repayments or renewals of long-term debt (note 6)	<u>89,000</u>	<u>85,500</u>
Current liabilities before callable debt	329,001	286,248
Callable debt (note 6)	<u>21,640</u>	<u>36,905</u>
	350,641	323,153
LONG-TERM DEBT (note 6)	<u>883,580</u>	<u>932,077</u>
	1,234,221	1,255,230
NET ASSETS	1,671,083	1,509,798
	<u>\$ 2,905,304</u>	<u>\$ 2,765,028</u>

APPROVED ON BEHALF OF THE BOARD:

 SCOTT STANTON APRIL 29/24.

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

MISSISSIPPI GOLF CLUB

STATEMENT OF OPERATIONS
(Prepared without Audit)

For the year ended December 31, 2023

	2023	2022
REVENUE		
Memberships	\$ 825,680	\$ 772,199
Green fees	401,083	377,521
Bar sales	293,170	274,711
Golf cart rental	191,642	176,619
Investment income	38,212	17,841
Advertising and miscellaneous	<u>26,326</u>	<u>12,238</u>
	<u>1,776,113</u>	<u>1,631,129</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Wages and employee benefits	594,893	587,831
Greens	356,713	346,622
House	86,950	90,775
Bar purchases	119,154	116,339
Property taxes	19,530	19,177
Insurance	48,860	30,587
Membership fee reductions (note 9)	12,880	12,501
Accounting	22,750	22,750
Match committee	15,082	11,076
Printing, postage and supplies	16,403	16,889
Advertising	8,573	10,362
Mortgage interest - long-term	54,872	47,886
Interest on capital leases	458	584
Golf carts	22,820	48,947
Interest and bank charges	27,735	27,194
Professional fees	<u>23,930</u>	<u>4,500</u>
	<u>1,431,603</u>	<u>1,394,020</u>
REVENUE FROM OPERATIONS	344,510	237,109
Amortization	(187,150)	(172,808)
Gain on disposal of capital assets	3,925	1,500
NET REVENUE	\$ 161,285	\$ 65,801

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

MISSISSIPPI GOLF CLUB
STATEMENT OF CHANGES IN NET ASSETS
(Prepared without Audit)
For the year ended December 31, 2023

	Unrestricted		Internally Restricted Capital Reserve	Invested in Capital Assets (note 8)	Total 2023	Total 2022
	Share Capital (note 7)	General				
Balance - beginning of year	\$ 123,650	\$ 197,095	\$ 184,284	\$ 1,004,769	\$ 1,509,798	\$ 1,443,897
Net revenue (expenditures)	-	208,979	139,456	(187,150)	161,285	65,801
Issuance of shares and other capital	-	-	-	-	-	100
Investment in capital assets (note 8b)	-	(170,786)	(60,262)	231,048	-	-
Transfer	(123,650)	123,650	-	-	-	-
Balance - end of year	\$ -	\$ 358,938	\$ 263,478	\$ 1,048,667	\$ 1,671,083	\$ 1,509,798

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

MISSISSIPPI GOLF CLUB

STATEMENT OF CASH FLOWS
(Prepared without Audit)

For the year ended December 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 161,285	\$ 65,801
Items not affecting cash:		
Amortization	187,150	172,808
Gain on disposal of capital assets	(3,925)	(1,500)
Net change in non-cash working capital items:		
Accounts receivable	416	1,465
HST receivable	14,009	(19,298)
Inventory	(568)	(1,980)
Prepaid expenses	(30,988)	28,116
Accounts payable and accrued liabilities	18,714	13,275
Government payables	(4,607)	1,418
Deferred revenue	<u>31,828</u>	<u>46,098</u>
	<u>373,314</u>	<u>306,203</u>
INVESTING ACTIVITIES		
Increase in non-cashable GICs	(416,400)	-
Purchase of capital assets	(164,104)	(368,993)
Proceeds on disposal of capital assets	<u>3,925</u>	<u>1,500</u>
	<u>(576,579)</u>	<u>(367,493)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(60,262)	(48,058)
Repayment of capital lease obligations	(6,682)	(10,552)
Issuance of shares	<u>-</u>	<u>100</u>
	<u>(66,944)</u>	<u>(58,510)</u>
NET CHANGE IN CASH	(270,209)	(119,800)
CASH - BEGINNING OF YEAR	684,976	804,776
CASH - END OF YEAR	\$ 414,767	\$ 684,976
CASH CONSISTS OF:		
Cash	\$ 110,267	\$ 684,976
Cashable GIC	304,500	-

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

MISSISSIPPI GOLF CLUB

NOTES TO THE FINANCIAL STATEMENTS (Prepared without Audit)

DECEMBER 31, 2023

NATURE OF OPERATIONS

The Club was incorporated under the laws of Ontario in 1919 and filed a *Certificate of Continuance* in 2023 to continue operating as a not-for-profit golf and country club in accordance with the *Ontario Not-for-Profit Corporations Act, 2010*. The Club is a recreational organization that is exempt from income taxes under S.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

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.

Interest income is recognized when earned.

Cash and Cash Equivalents

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

Guaranteed Investment Certificates

The GICs are carried at cost plus accrued interest, which approximates fair market value.

MISSISSIPPI GOLF CLUB

NOTES TO THE FINANCIAL STATEMENTS (Prepared without Audit)

DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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%

MISSISSIPPI GOLF CLUB

NOTES TO THE FINANCIAL STATEMENTS
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2. CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	\$ 65,169	\$ -	\$ 65,169	\$ 65,169
Buildings	1,240,635	842,139	398,496	419,469
Course construction and water system	1,603,656	464,881	1,138,775	1,189,508
Computers	44,662	40,134	4,528	6,469
Furniture and fixtures	101,287	62,445	38,842	32,410
Machinery and equipment	1,277,423	1,056,423	221,000	243,030
Parking lot	73,703	62,716	10,987	11,942
Patio expansion	29,011	28,127	884	1,263
Powered golf carts	377,901	253,753	124,148	56,600
Computer software	28,705	28,705	-	-
Satellite tower	4,280	4,222	58	73
	\$ 4,846,432	\$ 2,843,545	\$ 2,002,887	\$ 2,025,933

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.

MISSISSIPPI GOLF CLUB

NOTES TO THE FINANCIAL STATEMENTS
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5. CAPITAL LEASE OBLIGATIONS

	2023	2022
Maxium Financial		
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 on October 31, 2023.	\$ -	\$ 4,224
Turf Care Financial		
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.	-	2,458
	-	6,682
Less: current portion	-	6,682
	\$ -	\$ -

MISSISSIPPI GOLF CLUB

NOTES TO THE FINANCIAL STATEMENTS
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6. LONG-TERM DEBT

	2023	2022
Bank of Montreal (BMO) mortgage repayable \$8,322 per month including interest at 5.74%, secured by property held by the Club, due for renewal in May 2027.	\$ 932,580	\$ 977,577
Members' loans, non-interest bearing in lieu of membership fees, payable on demand.	21,640	36,905
Canada Emergency Business Account loan (CEBA), repaid \$30,000 in January 2024 and the remaining \$10,000 was forgiven at that time.	40,000	40,000
	994,220	1,054,482
Less:		
- BMO principal due within 12 months	89,000	85,500
- Callable debt	21,640	36,905
	\$ 883,580	\$ 932,077

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 is approximately as follows:

2024	-		\$ 89,000
2025	-		51,000
2026	-		54,000
2027	-		57,200
2028	-		721,380

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.

MISSISSIPPI GOLF CLUB

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7. SHARE CAPITAL

The Club cancelled all issued and outstanding share capital on November 30, 2023. This was done in conjunction with the *Certificate of Continuance* that was filed in compliance with the *Ontario Not-for-Profit Corporations Act* in order for the Club to continue as a non-profit corporation without share capital.

8. INVESTED IN CAPITAL ASSETS

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

	2023	2022
Capital assets	\$ 2,002,887	\$ 2,025,933
Less: Capital lease obligations	-	(6,682)
Long-term debt (excluding CEBA loan)	(954,220)	(1,014,482)
	\$ 1,048,667	\$ 1,004,769

(b) Investment in capital assets during the year

	2023	2022
Purchase of capital assets	\$ 164,104	\$ 368,993
Repayment of capital lease obligations	6,682	10,552
Repayment of long-term debt	60,262	48,058
	\$ 231,048	\$ 427,603

9. 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 \$12,880 (2022 - \$12,501). 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.

MISSISSIPPI GOLF CLUB

NOTES TO THE FINANCIAL STATEMENTS
(Prepared without Audit)

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10. FINANCIAL INSTRUMENTS

The Club's financial instruments consist of cash, non-cashable GICs, 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.

The Club holds cashable and non-cashable GICs that bear interest between 4.25% and 4.90% and mature in 2024.