

KELOWNA CURLING CLUB
Financial Statements
Year Ended April 30, 2019

KELOWNA CURLING CLUB
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Year Ended April 30, 2019

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Kelowna Curling Club

We have reviewed the accompanying financial statements of Kelowna Curling Club which comprise the statement of financial position as at April 30, 2019 and the statements of revenues and expenditures, 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 for the Financial Statements

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.

(continues)

Independent Practitioner's Review Engagement Report to the Members of Kelowna Curling Club *(continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Kelowna Curling Club as at April 30, 2019, 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.

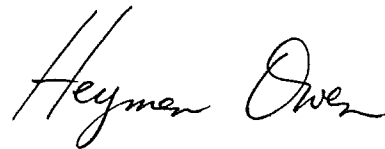
Other Matters

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that nothing has come to our attention that causes us to believe that these financial statements were not prepared on a basis consistent with that applied in preparing the financial statements for the preceding year.

First time adoption of accounting standards for not-for-profit organizations (ASNPO)

We draw attention to Note 2 to the financial statements which describes that the Kelowna Curling Club adopted Canadian accounting standards for not-for-profit organizations on May 1, 2018 with a transition date of May 1, 2017. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at April 30, 2018 and May 1, 2017 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended April 30, 2018 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.



Kelowna, British Columbia
September 24, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA CURLING CLUB

Statement of Financial Position

April 30, 2019

	<i>April 30</i> 2019	<i>April 30</i> 2018	<i>May 1</i> 2017
ASSETS			
CURRENT			
Cash	\$ 45,649	\$ 148,797	\$ 164,594
Inventry	93,018	65,621	66,204
Goods and services tax recoverable	4,165	-	-
Prepaid expenses	6,506	5,336	5,377
Deposit on equipment	-	58,000	-
	149,338	277,754	236,175
TANGIBLE CAPITAL ASSETS (Note 4)	655,636	261,315	262,757
	\$ 804,974	\$ 539,069	\$ 498,932
LIABILITIES			
CURRENT			
Accounts payable	\$ 19,003	\$ 14,125	\$ 18,929
Goods and services tax payable	-	1,416	3,490
Deferred income	24,274	23,076	-
Current portion of long term debt (Note 5)	45,567	39,467	40,000
	88,844	78,084	62,419
LONG TERM DEBT (Note 5)	155,036	-	37,412
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	48,750	-	-
	292,630	78,084	99,831
NET ASSETS			
Unrestricted	73,198	155,735	80,603
Invested in tangible capital assets	406,283	261,315	262,757
Internally restricted	32,863	43,935	55,741
	512,344	460,985	399,101
	\$ 804,974	\$ 539,069	\$ 498,932

ON BEHALF OF THE BOARD


 _____ Director 


 _____ Director 

See accompanying notes to the financial statements.

KELOWNA CURLING CLUB
Statement of Revenues and Expenditures
Year Ended April 30, 2019

	2019	2018
REVENUES		
Food and beverage - net	\$ 392,579	\$ 315,825
Membership fees and dues	331,119	319,794
2018 World Mixed Curling Championship	93,922	-
Facility rentals	91,990	71,195
Bonspiels	50,999	32,098
Other operations	47,920	40,951
Ice rentals	41,728	44,567
Community Gaming Grant	41,700	48,300
Pro shop	37,126	26,307
Capital Fund	25,965	25,292
Donations	19,785	3,576
Interest	1,972	843
Junior curling	1,413	-
Amortization of deferred capital contributions	1,250	-
75th Anniversary	-	3,492
	1,179,468	932,240
EXPENSES		
Advertising and promotion	40,988	34,014
Amortization	59,545	38,540
Bonspiels	45,147	8,120
Contract services	25,044	13,342
Equipment rentals	10,244	1,372
Event entertainment	3,935	11,324
Executive meetings	-	718
Insurance	7,359	6,444
Interest and bank charges	29,710	25,609
Interest on long term debt	3,128	1,865
Junior curling	5,888	7,563
Licenses and fees	7,706	9,936
Meals and entertainment	1,923	850
Office	26,305	25,228
Professional fees	2,125	2,583
Property taxes	1,848	1,885
Repairs and maintenance	68,873	62,645
Salaries and wages	531,271	475,668
Security	2,349	2,091
Supplies	51,760	45,496
Telephone	4,813	4,717
Training	5,201	1,870
Trophies and awards	860	1,173
Utilities	86,505	87,303
2018 World Mixed Curling Championship	105,582	-
	1,128,109	870,356
EXCESS OF REVENUES OVER EXPENSES	\$ 51,359	\$ 61,884

See accompanying notes to the financial statements.

KELOWNA CURLING CLUB
Statement of Changes in Net Assets
Year Ended April 30, 2019

	Unrestricted	Invested in tangible capital assets	Internally Restricted	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 155,735	\$ 261,315	\$ 43,935	\$ 460,985	\$ 399,101
EXCESS OF REVENUES OVER EXPENSES	51,359	-	-	51,359	61,884
Purchase of tangible capital assets	(416,829)	453,866	(37,037)	-	-
Amortization of tangible capital assets	59,545	(59,545)	-	-	-
Proceeds from long term debt	210,000	(210,000)	-	-	-
Repayment of long term debt	(9,397)	9,397	-	-	-
Deferred capital contributions received	50,000	(50,000)	-	-	-
Amortization of deferred capital contributions	(1,250)	1,250	-	-	-
Interfund transfer	(25,965)	-	25,965	-	-
NET ASSETS - END OF YEAR	\$ 73,198	\$ 406,283	\$ 32,863	\$ 512,344	\$ 460,985

See accompanying notes to the financial statements.

KELOWNA CURLING CLUB**Statement of Cash Flows****Year Ended April 30, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 51,359	\$ 61,884
Items not affecting cash:		
Amortization of tangible capital assets	59,545	38,540
Amortization of deferred capital contributions	(1,250)	-
	109,654	100,424
Changes in non-cash working capital:		
Inventory	(27,397)	583
Accounts payable	4,879	(4,804)
Deferred income	1,198	23,076
Prepaid expenses	(1,170)	41
Goods and services tax payable	(5,581)	(2,074)
Deposit on equipment	58,000	(58,000)
	29,929	(41,178)
Cash flow from operating activities	139,583	59,246
INVESTING ACTIVITY		
Purchase of tangible capital assets	(453,867)	(37,098)
FINANCING ACTIVITIES		
Proceeds from long term financing	210,000	-
Deferred capital contribution received	50,000	-
Repayment of long term debt	(48,864)	(37,945)
Cash flow from (used by) financing activities	211,136	(37,945)
DECREASE IN CASH FLOW	(103,148)	(15,797)
Cash - beginning of year	148,797	164,594
CASH - END OF YEAR	\$ 45,649	\$ 148,797

See accompanying notes to the financial statements.

KELOWNA CURLING CLUB

Notes to Financial Statements

Year Ended April 30, 2019

(Unaudited)

1. PURPOSE OF THE ORGANIZATION

The Kelowna Curling Club is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. The organization operates a curling club facility in Kelowna, British Columbia.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective May 1, 2017 the Club adopted Canadian accounting standards for not-for-profit organizations (ASNPO) as prescribed by the Chartered Professional Accountants of Canada (CPA Canada). Included in ASNPO are transitional provisions prescribed under section 1501, *First-time adoption by not-for-profit organizations*, requiring retrospective application of ASNPO while permitting elective exemptions to retroactive application of some standards and prohibiting retroactive application of aspects of other standards.

The financial statements of the Club for the year ended April 30, 2019 are the first financial statements the Club prepared in accordance with ASNPO.

The significant accounting policies set out in Note 3 reflect the requirements of ASNPO and have been applied in the preparation of the financial statements for the year ended April 30, 2019, comparative information for the year ended April 30, 2018, and the opening statement of financial position as at May 1, 2017 (being the Club's date of transition to ASNPO).

No adjustments were required to the previously reported assets, liabilities, net assets, excess of revenues over expenses or cash flows of the Club as a result of adopting ASNPO.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue recognition

Kelowna Curling Club follows the deferral method of accounting for contributions.

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.

Revenue derived from retail sales is recognized at the point of sale, when the customer receives and pays for the goods.

Revenue derived from memberships is recognized over a 12 month period. Any advance payments received at the end of the year are classified as deferred revenue on the balance sheet.

Sponsorship revenue received in advance of the sponsorship event is recorded as deferred revenue.

Revenue derived from facility rentals is recognized in income at the time the rental occurs and measurement and collectability is reasonable assured.

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KELOWNA CURLING CLUB

Notes to Financial Statements

Year Ended April 30, 2019

(Unaudited)

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

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Curling rocks	20%	straight-line method
Furniture and fixtures	20%	straight-line method
Signs	20%	declining balance method
Computer equipment	55%	declining balance method
Leasehold improvements	5%	straight-line method

The organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of property and equipment

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Net assets

- a) Net assets invested in tangible capital assets represents the organization's net investment in tangible capital assets which is comprised of the unamortized amount of tangible capital assets purchased with restricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

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.

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KELOWNA CURLING CLUB

Notes to Financial Statements

Year Ended April 30, 2019

(Unaudited)

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

Financial instruments policy

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 unrealised 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 are added to the carrying amount unless the financial instruments are subsequently measured at fair value.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Curling rocks	\$ 76,085	\$ 45,195	\$ 30,890	\$ 33,933
Furniture and fixtures	403,881	306,667	97,214	51,425
Signs	8,790	8,790	-	-
Computer equipment	1,141	955	186	415
Leasehold improvements	891,937	364,591	527,346	175,542
	\$ 1,381,834	\$ 726,198	\$ 655,636	\$ 261,315

5. LONG TERM DEBT

	2019	2018
City of Kelowna loan bearing interest at 2.75% per annum, repayable in semi-annual blended payments of \$10,772. The loan matures on August 1, 2023 and is unsecured.	\$ 90,603	\$ -
City of Kelowna loan bearing interest at 2.75% per annum, repayable in semi-annual blended payments of \$14,614. The loan matures on April 1, 2023 and is unsecured.	110,000	-
City of Kelowna loan, repaid during the year.	-	39,467
	200,603	39,467
Amounts payable within one year	(45,567)	(39,467)
	\$ 155,036	\$ -

Principal repayment terms are approximately:

2020	\$ 45,567
2021	46,828
2022	48,125
2023	49,457
2024	10,626
	<u>\$ 200,603</u>

KELOWNA CURLING CLUB

Notes to Financial Statements

Year Ended April 30, 2019

(Unaudited)

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of funds received from the City of Kelowna for facility leasehold improvements. These contributions will be deferred and amortized into income using the same amortization policy as the related assets.

	2019	2018
Balance, beginning of the year	\$ -	\$ -
Additions	50,000	-
Amortization	(1,250)	-
Balance, end of the year	\$ 48,750	\$ -

7. FINANCIAL RISK AND CONCENTRATION OF RISKS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate, and manage these risks.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its renters, long-term debt, and accounts payable.

(b) 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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its credit facilities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant financial risks arising from these financial instruments. The maximum credit exposure of the Company's financial assets is the carrying value of the assets.

8. CREDIT FACILITY

The organization has a credit facility with Scotiabank, which includes an approved operating line that can be drawn upon to a maximum of \$15,000. The operating line bears interest at prime plus 1.75% and is secured by a General Security Agreement. As of the 2019 year-end date, the amount drawn on the operating line was \$nil (2018 - \$nil).

9. REMUNERATION PAID TO DIRECTORS AND EMPLOYEES

In accordance with the Societies Act (British Columbia) Section 36.1 and Societies Regulation 9.2(b):

The Directors of the Kelowna Curling Club receive no remuneration for the performance of their responsibilities as Directors.

For the fiscal year ending April 30, 2019, the Kelowna Curling Club paid remuneration to one employee of \$75,000 or greater. Remuneration includes all wages and taxable benefits.