

KELOWNA CURLING CLUB
Financial Statements
Year Ended April 30, 2021

KELOWNA CURLING CLUB

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Year Ended April 30, 2021

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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 (the Organization) that comprise the statement of financial position as at April 30, 2021, 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 (ASNPO), 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.

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 Kelowna Curling Club as at April 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

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.



Kelowna, British Columbia
September 20, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA CURLING CLUB
Statement of Financial Position
April 30, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 13,516	\$ 4,987
Accounts receivable	-	13,259
Government assistance receivable	15,407	-
Goods and services tax recoverable	3,185	7,732
Inventory	106,210	92,231
	138,318	118,209
TANGIBLE CAPITAL ASSETS (Note 3)	661,313	680,351
	\$ 799,631	\$ 798,560
LIABILITIES		
CURRENT		
Accounts payable	\$ 177,345	\$ 111,428
Deferred income	1,505	6,958
Government remittances payable	255	6,954
Current portion of long term debt (Note 4)	48,125	46,828
	227,230	172,168
LONG TERM DEBT (Note 4)	100,083	148,208
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	43,750	46,250
	371,063	366,626
NET ASSETS		
Unrestricted	(73,614)	(66,713)
Invested in tangible capital assets	449,247	465,784
Internally restricted	52,935	32,863
	428,568	431,934
	\$ 799,631	\$ 798,560

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, 2021**

	2021	2020
REVENUES		
Membership fees and dues	\$ 264,856	\$ 358,478
Government assistance	220,497	5,343
Food and beverage - net	133,170	314,794
Donations	48,619	74
Community Gaming Grant	35,200	100,700
Other operations	30,617	52,712
Fundraising	29,347	-
Pro shop	22,027	22,149
Capital Fund	20,072	26,068
Bonspiels	16,020	55,776
Ice rentals	8,628	47,888
Facility rentals	5,775	52,425
Amortization of deferred capital contributions	2,500	2,500
2019 World Mixed Curling Championship	1,750	70,719
Interest	105	-
	839,183	1,109,626
EXPENSES		
Salaries and wages	383,191	543,721
Amortization	83,171	79,693
Utilities	80,789	90,915
Advertising and promotion	47,032	49,004
Supplies	42,765	47,613
Contract services	38,505	51,017
Repairs and maintenance	36,095	59,304
Office	29,130	34,987
Interest and bank charges	20,793	31,991
Fundraising	19,126	-
Bonspiels	17,744	39,696
Licenses and fees	11,485	10,642
Insurance	7,083	6,485
Professional fees	6,100	4,400
Equipment rentals	5,813	7,925
Telephone	4,664	4,250
Interest on long term debt	4,901	4,861
Property taxes	1,473	1,871
Security	1,101	2,509
Junior curling	1,002	1,684
Training	391	11,514
Executive meetings	195	5,496
2019 World Mixed Curling Championship	-	93,900
Meals and entertainment	-	1,460
Trophies and awards	-	1,528
Event entertainment	-	3,570
	842,549	1,190,036
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (3,366)	\$ (80,410)

See accompanying notes to the financial statements.

KELOWNA CURLING CLUB
Statement of Changes in Net Assets
Year Ended April 30, 2021

	Unrestricted	Invested in tangible capital assets	Internally Restricted	2021	2020
NET ASSETS -					
BEGINNING OF					
YEAR	\$ (66,713)	\$ 465,784	\$ 32,863	\$ 431,934	\$ 512,344
DEFICIENCY OF					
REVENUES OVER					
EXPENSES	(3,366)	-	-	(3,366)	(80,410)
Purchase of tangible capital assets	(64,134)	64,134	-	-	-
Amortization of tangible capital assets	83,171	(83,171)	-	-	-
Amortization of deferred capital contributions	(2,500)	2,500	-	-	-
Interfund transfer	(20,072)	-	20,072	-	-
NET ASSETS - END OF					
YEAR	\$ (73,614)	\$ 449,247	\$ 52,935	\$ 428,568	\$ 431,934

See accompanying notes to the financial statements.

KELOWNA CURLING CLUB**Statement of Cash Flows****Year Ended April 30, 2021**

	2021	2020
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (3,366)	\$ (80,410)
Items not affecting cash:		
Amortization of tangible capital assets	83,171	79,693
Amortization of deferred capital contributions	(2,500)	(2,500)
	<u>77,305</u>	<u>(3,217)</u>
Changes in non-cash working capital:		
Accounts receivable	13,259	(13,259)
Government assistance receivable	(15,407)	-
Inventory	(13,979)	787
Accounts payable	65,918	92,460
Deferred income	(5,453)	(17,316)
Prepaid expenses	-	6,506
Goods and services tax payable	4,547	(3,567)
Government remittances payable	(6,699)	6,919
	<u>42,186</u>	<u>72,530</u>
Cash flow from operating activities	<u>119,491</u>	<u>69,313</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	(64,134)	(104,408)
FINANCING ACTIVITIES		
Proceeds from long term financing	20,000	40,000
Deferred capital contribution received	-	-
Repayment of long term debt	(66,828)	(45,567)
Cash flow used by financing activities	<u>(46,828)</u>	<u>(5,567)</u>
INCREASE (DECREASE) IN CASH FLOW	8,529	(40,662)
Cash - beginning of year	4,987	45,649
CASH - END OF YEAR	\$ 13,516	\$ 4,987

See accompanying notes to the financial statements.

KELOWNA CURLING CLUB

Notes to Financial Statements

Year Ended April 30, 2021

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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.

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 or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis 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
Computer software	55%	straight-line 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.

(continues)

KELOWNA CURLING CLUB

Notes to Financial Statements

Year Ended April 30, 2021

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

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, net 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.

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.

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Curling rocks	\$ 76,085	\$ 51,282	\$ 24,803	\$ 27,846
Furniture and fixtures	459,911	363,742	96,169	90,330
Signs	8,790	8,790	-	-
Computer equipment	1,141	1,104	37	84
Computer software	4,430	2,985	1,445	3,212
Leasehold improvements	1,000,019	461,160	538,859	558,879
	\$ 1,550,376	\$ 889,063	\$ 661,313	\$ 680,351

KELOWNA CURLING CLUB**Notes to Financial Statements****Year Ended April 30, 2021****4. LONG TERM DEBT**

	2021	2020
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.	\$ 51,706	\$ 71,420
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.	56,502	83,616
Canada Emergency Business Account loan bearing no interest until December 22, 2022. See Note 5 for terms.	40,000	40,000
	148,208	195,036
Amounts payable within one year	(48,125)	(46,828)
	\$ 100,083	\$ 148,208

Principal repayment terms are approximately:

2022	\$ 48,125
2023	89,457
2024	10,626
	<u>148,208</u>
	\$ 148,208

5. CANADA EMERGENCY BUSINESS ACCOUNT

A Canada Emergency Business Account (CEBA) loan in the amount of \$60,000 was issued under the government's response to the pandemic. The loan is interest free until December 22, 2022. If the loan is not repaid by December 31, 2022, it will be converted into a three year term loan with interest being charged at 5% per annum payable monthly. Principal payment is not required until December 31, 2024, but must be paid in full by that date. A forgivable amount of \$20,000 has been recognized as income in the current year since the balance of the loan is reduced to \$40,000 if the loan is repaid by December 31, 2022. As such, the Organization plans to repay the loan in full by December 31, 2022. If the loan is not be repaid by December 31, 2022, to meet the forgiveness condition, then the income inclusion will be reversed (i.e. expensed) and the loan balance increased at that time.

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.

	2021	2020
Balance, beginning of the year	\$ 46,250	\$ 48,750
Amortization	(2,500)	(2,500)
Balance, end of the year	\$ 43,750	\$ 46,250

KELOWNA CURLING CLUB

Notes to Financial Statements

Year Ended April 30, 2021

7. FINANCIAL INSTRUMENTS

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. The following analysis provides information about the organization's risk exposure and concentration as of April 30, 2021.

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 members and major contributors, and in its need to repay long-term debt and accounts payable.

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 floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

8. 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, 2021, the Kelowna Curling Club paid remuneration to one employee of \$75,000 or greater. Remuneration includes all wages and taxable benefits.

9. COVID-19 IMPACT ASSESSMENT

The COVID-19 outbreak was declared a pandemic by the World Health Organization during the fiscal year. This has resulted in governments worldwide, including the Canadian and British Columbia governments, enacting emergency measures to combat the spread of the virus. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the Curling Club's operating results and financial position both in the current year and in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Curling Club is not known at this time.

10. COMPARATIVE FIGURES

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