

NOVA SCOTIA GOLF ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

2.

To the Board of Directors of:
Nova Scotia Golf Association

I have audited the financial statements of Nova Scotia Golf Association, which consists of the balance sheet as at December 31, 2017, the statements of revenue and expenses, changes in net assets and cash flow 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.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material statement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements and designs audit procedures that are appropriate in the circumstances. Consideration of internal control is not for the purpose of expressing an opinion on internal control effectiveness. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management, and evaluating the financial statement presentation.

I believe that the audit evidence obtained in my audit is sufficient and appropriate to provide a basis for my modified audit opinion.

Basis for Qualified Opinion

In common with other similar organizations, the organization derives revenue from participants and sponsoring bodies in the form of tournament entry fees, membership fees, and grants, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the books. Consequently, I was not able to determine whether any adjustments might be necessary to revenue from fees and grants, and what effect, if any, there would be on excess revenue and net assets.

Qualified Opinion

In my opinion, except for the effect of matters described in the above Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Nova Scotia Golf Association as at December 31, 2017 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations as published by the Chartered Professional Accountants Canada (CPAC) in Part III of its Handbook.

Dartmouth, NS
October 20, 2018



William Foster
Chartered Professional Accountant

NOVA SCOTIA GOLF ASSOCIATION

BALANCE SHEET

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DECEMBER 31, 2017

	2017	2016
ASSETS		
Current		
Cash	\$ 116,935	\$ 106,186
Accounts receivable	8,226	4,242
HST receivable	10,578	5,695
Prepaid expenses	<u>4,425</u>	<u>9,605</u>
	140,164	125,728
Property and equipment (Note 3)	10,517	9,915
Tournament fund cash	<u> </u>	<u>77</u>
	<u>\$ 150,681</u>	<u>\$ 135,720</u>
LIABILITIES		
Current		
Accounts payable, accrued liabilities	\$ 26,868	\$ 20,084
Deferred grant revenue (Note 2)	<u>1,000</u>	<u>2,902</u>
	<u>27,868</u>	<u>22,986</u>
NET ASSETS		
Unrestricted net assets	122,813	112,657
Tournament fund	<u> </u>	<u>77</u>
	<u>122,813</u>	<u>112,734</u>
	<u>\$ 150,681</u>	<u>\$ 135,720</u>

ON BEHALF OF THE BOARD

Director

Director

NOVA SCOTIA GOLF ASSOCIATION
STATEMENT OF REVENUE AND EXPENSES
YEAR ENDED DECEMBER 31, 2017

5.

	2017	2016
Revenue		
Membership dues - Senior	\$ 302,725	\$ 310,487
- Junior	29,513	30,834
- Public Player Program	13,526	11,963
- Facility	<u>10,750</u>	<u>11,500</u>
	356,514	364,784
Grants (Note 4)	79,172	74,184
General revenue	25,524	2,884
Interest and other income	324	722
Player camp training	<u>27,867</u>	<u>29,391</u>
	<u>489,401</u>	<u>471,965</u>
Expenses		
National Golf Championships	17,975	37,731
Golf Canada dues	173,424	173,578
Golf Canada Future Links	4,255	3,329
Advertising, promotion	10,993	11,319
Awards, trophies	1,694	1,441
Bad debts	2,030	
Bursaries		15,000
Insurance	5,927	5,412
Interest, bank charges	1,804	2,072
Office, supplies	20,003	16,406
Postage, courier	1,132	2,755
Professional fees	3,680	3,740
Rent	22,180	21,248
Slope rating	5,024	1,624
Telephone, fax	4,290	4,460
Training-Player camp	31,147	39,406
Training-Seminars, workshops	133	236
Travel, meetings	23,569	24,434
Salaries - Executive Director	51,772	49,923
Salaries - Administration	47,751	46,859
Salaries - Technical Director	22,400	30,400
Employee benefits	<u>19,928</u>	<u>19,113</u>
	<u>471,111</u>	<u>510,486</u>
Excess revenue (expenses) before amortization	18,290	(38,521)
Amortization expense	<u>3,373</u>	<u>4,249</u>
EXCESS REVENUE (EXPENSES)	<u>\$ 14,917</u>	<u>\$ (42,770)</u>

NOVA SCOTIA GOLF ASSOCIATION
STATEMENT OF REVENUE AND EXPENSES
YEAR ENDED DECEMBER 31, 2017

6.

TOURNAMENT FUND

	2017	2016
Revenue - Entry fees	\$ <u>127,707</u>	\$ <u>134,247</u>
Expenses		
Prizes, gift certificates	20,510	23,211
Banquets	13,208	17,011
Blue Golf	6,958	8,117
Committee travel and expense	19,344	26,562
Course honorarium	54,475	49,499
Fore caddies, carts	5,009	7,105
Office, miscellaneous	8,260	8,866
Print, photocopy, bag tags, equipment rentals	<u>4,781</u>	<u>5,892</u>
	<u>132,545</u>	<u>146,263</u>
Excess revenue (expenses)	\$(<u>4,838</u>)	\$(<u>12,016</u>)

NOVA SCOTIA GOLF ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

7.

		2017		2016
	Unrestricted Net Assets	Tournament Fund	Total	Total
Balance, beginning of year	\$ 112,657	\$ 77	\$ 112,734	\$ 167,520
Excess revenue (expenses)	14,917	(4,838)	10,079	(54,786)
Transfers to Tournament Fund	(4,761)	4,761		
Balance, end of year	<u>\$ 122,813</u>	<u>\$ Nil</u>	<u>\$ 122,813</u>	<u>\$ 112,734</u>

Schedule of Excess Revenue (Expenses)

General operations	\$ 14,917	\$(42,770)
Tournament fund	(4,838)	(12,016)
Total excess revenue (expenses)	<u>\$ 10,079</u>	<u>\$(54,786)</u>

NOVA SCOTIA GOLF ASSOCIATION
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2017

8.

	2017	2016
Cash Flow from Operating Activities:		
Excess revenue (expenses)	\$ 10,079	\$(54,786)
Add amortization not requiring cash	<u>3,373</u>	<u>4,249</u>
	13,452	(50,537)
Changes in non-cash working capital		
Accounts receivable	(3,984)	(2,780)
HST receivable	(4,883)	4,593
Prepaid expenses	5,180	(4,345)
Accounts payable, accrued liabilities	2,049	(5,706)
Deferred revenue	<u>2,833</u>	<u>2,902</u>
	14,647	(55,873)
Cash Flow from Investing Activities:		
Capital asset additions, at cost	<u>(3,975)</u>	<u>nil</u>
INCREASE (DECREASE) IN CASH POSITION	10,672	(55,873)
Cash position, beginning of year	<u>106,263</u>	<u>162,136</u>
Cash position, end of year	<u>\$ 116,935</u>	<u>\$ 106,263</u>
Cash position consists of the following:		
Cash	\$ 116,935	\$ 106,186
Tournament fund cash	<u>77</u>	<u>77</u>
	<u>\$ 116,935</u>	<u>\$ 106,263</u>

NOVA SCOTIA GOLF ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

9.

1. Purpose and Organization

The Nova Scotia Golf Association (NSGA) was incorporated under the Societies Act of Nova Scotia on December 2, 1992, to continue operations under the same name as formerly operated by an unincorporated association. Its objectives are to promote, govern, and coordinate the sport of golf in Nova Scotia. It is a not-for-profit organization and exempt under the Income Tax Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting standards for not-for-profit organizations as published by Chartered Professional Accountants of Canada (CPAC) in Part III of its Handbook.

Basis for Revenue Reporting

Revenue is recorded on an accrual basis and recognized as revenue when related expenses are incurred. Fund accounting may be applied to resources set aside for restricted purposes. Contributions and grants receivable are recorded if the amount to be received can be reasonably estimated and collection is reasonably assured.

Accounts Receivable

Accounts receivable are expensed if collection becomes doubtful. The allowance for doubtful accounts is \$2,030 (2016: nil).

The Tournament Fund

The Tournament Fund is to administer funds set aside for senior and junior tournaments.

Property and Equipment

Property and equipment are recorded at cost. Amortization is provided at rates (indicated in Note 3) established to write off the cost on a declining balance basis over the estimated useful life.

NOVA SCOTIA GOLF ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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2. Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue is revenue received in advance of the year for which it was intended for use. Block grants from the Province of Nova Scotia, Department of Health and Wellness are expected according to written annual commitments received for the association's fiscal year.

Comparative Amounts

Comparative amounts showing for the prior year may be reclassified to conform to the financial statement presentation adopted for the current year.

3. Property and Equipment

	<u>2017</u>			<u>2016</u>
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment, furniture (20%)	\$ 3,975	\$ 398	\$ 3,577	
Vehicle (30%)	<u>23,806</u>	<u>16,866</u>	<u>6,940</u>	<u>\$ 9,915</u>
	<u>\$ 27,781</u>	<u>\$ 17,264</u>	<u>\$ 10,517</u>	<u>\$ 9,915</u>

4. Grants Revenue

	2017	2016
Sponsorship grants	\$ 10,878	\$ 9,500
General grants	57,937	50,320
Golf Canada, Future Links	<u>10,357</u>	<u>14,364</u>
General contributions, grants	<u>\$ 79,172</u>	<u>\$ 74,184</u>

5. Rent and Occupancy Lease

The NSGA leased its offices under sub-lease from Merit Contractors Association of Nova Scotia located at 30 Damascus Rd, Suite 216, Bedford, NS under a five year lease to end on December 31, 2017. Monthly rent was \$1,800.53 including HST. Effective May 1, 2017, the NSGA's offices were physically moved to The Brunello Golf Links at 120 Brunello Blvd, Timberlea, NS, which are owned and leased from Canadian International Capital Inc. The lease's latest signature date was January 1, 2017 intending to commence June 1, 2017 for 60 months at \$26.04 per sq. ft. per annum for the first year rising annually by half the Consumer Price Index. Current monthly payments are \$1,464.85 including HST

NOVA SCOTIA GOLF ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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6. Financial Instruments, Risk Management

Financial instruments may be cash, investments, receivables, payables, contractual obligations, equity instruments or derivatives. The Board and management's opinion is that the NSGA is not exposed to significant credit, currency, interest rate, liquidity, market, or liability risks from financial instruments. Credit risks are limited by budget processes, obtaining from golf clubs their membership numbers on which assessed dues are based, monitoring of payments on account, cash reserves and a knowledge of contracting parties and golf clubs. Interest is charged at normal rates by the Bank of Nova Scotia. Market risks are limited by the nature of activities in providing program coordination and advocacy for golf recreation and related activities. The association is funded primarily by dues assessed to each golf club as member organizations, as well as by grants, fundraising and other revenue from the Province of Nova Scotia and other government.

7. Use of Estimates

The preparation of financial statements in accordance with accounting standards for not-for-profit organizations published in Part III of the CPAC Handbook requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosures of contingencies. Actual results could differ from those estimates. Such estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period which they become known.

8. Gift Certificates

Gift Certificates are issued by the NSGA to be held by clubs and given to winning participants for applying against the cost of items they purchase. Following the purchase and applying the credit, the Association reimburses the club for having accepted the certificate by making a cash payment to the club for its value. In 2017, the estimated liability for outstanding certificates held by participants is reclassified as an accrued liability instead of deferred revenue as was the practice. Aside from the reclassification on the balance sheet, there is no effect on the balance sheet, net assets, or excess revenue or expenses of any year.