



# Financial Statements

## Golf Canada Foundation

October 31, 2018



Tel: 905 639 9500  
Fax: 905 633 4939  
Toll-free: 888 236 2383  
www.bdo.ca

BDO Canada LLP  
3115 Harvester Road, Suite 400  
Burlington ON L7N 3N8 Canada

---

## Independent Auditor's Report

---

### To the Members of Golf Canada Foundation

We have audited the accompanying financial statements of Golf Canada Foundation, which comprise the statement of financial position as at October 31, 2018, and the statements of changes in fund balances, revenue and expenses, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 judgment, including the assessment of the risks of material misstatement 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Golf Canada Foundation as at October 31, 2018, 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 Matter

The financial statements of Golf Canada Foundation for the year ended October 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on January 25, 2018.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Burlington, Ontario  
January 30, 2019

# Golf Canada Foundation

## Statement of Financial Position

As at October 31

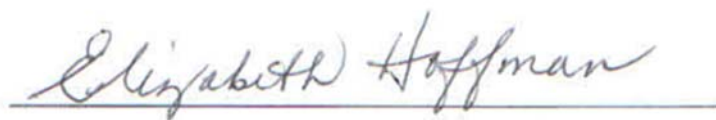
<b>Assets</b>	2018	2017
<b>Current</b>		
Cash	\$ 105,591	\$ 629,658
Receivables	1,355,323	624,429
	<u>1,460,914</u>	<u>1,254,087</u>
Investments (Note 4)	1,433,836	1,432,016
	<u>\$ 2,894,750</u>	<u>\$ 2,686,103</u>
<b>Liabilities</b>		
<b>Current</b>		
Payables and Accruals	\$ 196,513	\$ 131,960
Payable to Golf Canada (Note 8)	1,127,926	1,159,730
Deferred Scholarship Contributions (Note 5)	61,229	75,000
	<u>1,385,668</u>	<u>1,366,690</u>
Deferred Scholarship Contributions (Note 5)	59,711	59,711
	<u>1,445,379</u>	<u>1,426,401</u>
<b>Fund Balances</b>		
Operating Fund (Note 6)	866,326	644,117
Endowment Fund (Note 7)	583,045	615,585
	<u>1,449,371</u>	<u>1,259,702</u>
	<u>\$ 2,894,750</u>	<u>\$ 2,686,103</u>

(See accompanying notes to financial statements)

Approved by the Board:



Mr. David Agnew  
President



Mrs. Elizabeth Hoffman  
Secretary

# Golf Canada Foundation

## Statement of Changes in Fund Balances

Year ended October 31

	Operating Fund (Note 6)	Endowment Fund (Note 7)	2018 Total	2017 Total
Balance, beginning of year	\$ 644,117	\$ 615,585	\$ 1,259,702	\$ 1,134,318
Excess / (Deficiency) of Revenues over Expenses	222,209	(32,540)	189,669	125,384
Balance, end of year	\$ 866,326	\$ 583,045	\$ 1,449,371	\$ 1,259,702

(See accompanying notes to financial statements)

# Golf Canada Foundation

## Statement of Revenue and Expenses

Year ended October 31

	2018	2018	2018	2017	2017	2017
Revenues	Revenue	Expenses	Net	Revenue	Expenses	Net
<b>Operating Fund (Note 6)</b>						
Scholarships and Grant Contributions	\$ 225,380	\$ -	\$ 225,380	\$ 85,270	\$ -	\$ 85,270
Donations	979,592	6,885	972,707	629,184	2,746	626,438
Fundraising Events	1,063,628	298,941	764,687	847,088	304,530	542,558
Investment Income (Note 4)	1,060	-	1,060	66,110	-	66,110
<b>Endowment Fund (Note 7)</b>						
Investment Income (Note 4)	760	-	760	41,773	-	41,773
	2,270,420	305,826	1,964,594	1,669,425	307,276	1,362,149
<b>Expenses</b>						
<b>Operating Fund (Note 6)</b>						
Grants (Note 1)	-	1,240,918	(1,240,918)	-	796,980	(796,980)
Scholarships (Note 1)	-	42,500	(42,500)	-	47,500	(47,500)
Fundraising and Promotion	-	43,844	(43,844)	-	34,390	(34,390)
Office and Administration	-	369,878	(369,878)	-	295,087	(295,087)
Professional Fees	-	32,517	(32,517)	-	32,850	(32,850)
Commodity Taxes (Net of PSB Rebates)	-	11,968	(11,968)	-	8,859	(8,859)
<b>Endowment Fund (Note 7)</b>						
Scholarships (Note 1)	-	25,500	(25,500)	-	13,500	(13,500)
Administrative Fees	-	7,800	(7,800)	-	7,600	(7,600)
	-	1,774,925	(1,774,925)	-	1,236,766	(1,236,766)
Excess of Revenues over Expenses	\$ 2,270,420	\$ 2,080,751	\$ 189,669	\$ 1,669,425	\$ 1,544,042	\$ 125,383
Total Operating Fund	\$ 2,269,660	\$ 2,047,451	\$ 222,209	\$ 1,627,652	\$ 1,522,941	\$ 104,711
Total Endowment Fund	760	33,300	(32,540)	41,773	21,100	20,673
Excess of Revenues over Expenses	\$ 2,270,420	\$ 2,080,751	\$ 189,669	\$ 1,669,425	\$ 1,544,042	\$ 125,383

(See accompanying notes to financial statements)

# Golf Canada Foundation

## Statement of Cash Flows

Year ended October 31

Increase / (Decrease) in cash	2018	2017
<b>Operating Activities</b>		
Excess of Revenues over Expenses	\$ 189,669	\$ 125,384
Payments of Scholarships and Grants from Deferred Scholarship Contributions	(204,616)	(75,090)
Decrease (Increase) in Fair Value of Investments	30,915	(3,521)
	15,968	46,773
Changes in Non-cash Working Capital		
Receivables	(730,894)	124,377
Payables and Accruals	64,553	(170,377)
Payable to Golf Canada	(31,804)	148,043
	(682,177)	148,816
<b>Financing Activity</b>		
Increase in Deferred Scholarship Contributions (Net)	190,845	63,272
<b>Investing Activity</b>		
Decrease (Increase) in Investments (Net)	(32,735)	210,686
Net Increase (Decrease) in Cash for the Year	(524,067)	422,774
Cash, Beginning of Year	629,658	206,884
Cash, End of Year	\$ 105,591	\$ 629,658

(See accompanying notes to financial statements)

# Golf Canada Foundation

## Notes to Financial Statements

October 31, 2018

### 1. Nature of Operations

The Golf Canada Foundation (the Foundation) is incorporated without share capital under the laws of Canada and is a Registered Canadian Amateur Athletic Association under the Income Tax Act (Canada). The Foundation is exempt from income tax and is a registered charity in accordance with the Income Tax Act (Canada).

Each member of the Board of Directors of Golf Canada is a member of the Foundation. Golf Canada is the National Sport Federation and governing body of golf in Canada.

The Foundation's mission is to provide golfers and industry partners with a charitable platform to increase participation in golf by engaging players of all ages and abilities across Canada. While collegiate golf has historically been the focus of the Foundation, the organization's recently expanded activities have broadened the Foundation's focus to include several other programs to benefit golf in Canada. During the year, the Foundation paid a total of \$1,308,918 (2017 - \$857,980) in grants and scholarships to advance the sport of golf in Canada. The Foundation's impact on various aspects of the sport of golf is summarized below:

	2018	2017
High Performance:		
Young Pro Program	\$ 300,000	\$ 300,000
Team Canada	300,000	230,000
Next Generation Athletes	80,000	-
	<u>680,000</u>	<u>530,000</u>
Junior Golf (includes provincial initiatives)	462,425	142,380
World Junior Girls Championship	25,000	50,000
Collegiate	59,993	50,000
Scholarships	68,000	61,000
Coaching, Rules, and Clinics	11,500	24,600
Golf Heritage	2,000	-
	<u>\$ 1,308,918</u>	<u>\$ 857,980</u>

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Accounting standards for not-for-profit organizations (ASNPO) require entities to select policies appropriate for their circumstances from choices provided in the specific standards in Part III of the CPA Canada Handbook.

#### (b) Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources are allocated to funds according to their nature and purpose. The Foundation uses the following funds:

# Golf Canada Foundation

## Notes to Financial Statements

---

October 31, 2018

### **2. Summary of Significant Accounting Policies (Continued)**

#### ***Operating Fund***

The Operating Fund includes revenue and expenses related to scholarships, grants and administrative activities, including restricted contributions available for use, but expendable only for purposes specified by the donor or grantor, that are not included in any other fund.

#### ***Endowment Fund***

The Endowment Fund includes income and disbursements made in the form of scholarship funds that have been designated by the donors – the Connor/Spafford Scholarship and the Marlene Stewart Streit Golf Scholarship.

Investment income earned on the endowment funds are allocated to the specific fund, net of administration fees.

#### **(c) Use of Estimates**

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are used when accounting for accrued liabilities.

#### **(d) Financial Instruments**

The Foundation initially measures its financial assets and liabilities at fair value when acquired or issued. Subsequently, all financial instruments are measured at fair value or amortized cost with subsequent changes in fair value recognized in the statement of revenues and expenses.

Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models.

Transaction costs on acquisition, sale or issue of financial instruments subsequently measured at fair value are expensed as incurred. Financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or redemption.

Financial assets and liabilities measured at amortized cost include cash, receivables, payables and accruals, amounts payable to Golf Canada and deferred scholarship contributions. Investments are measured at fair value. Investment income includes interest, dividends, realized gains/(losses), and net change in unrealized gains/(losses) for the year, less counsel and custodian fees.

#### **(e) Revenue Recognition**

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recorded in the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Funds contributed for specific purposes that are part of the Operating Fund are recorded as deferred scholarship contributions on the statement of financial position until expended on scholarships or grants in future periods. Contributions are then recorded as revenue and an expense when the related scholarship or grant is paid. Investment income is recognized when earned. Donated materials or services by way of gifts-in-kind are recognized as revenue only when the fair value can be reasonably estimated.



# Golf Canada Foundation

## Notes to Financial Statements

---

October 31, 2018

### 2. Summary of Significant Accounting Policies (Continued)

#### (e) Revenue Recognition (continued)

The Foundation may record administration fees on certain endowment and designated deferred scholarship contributions based on the nature of the deferred funds and agreement set forth with the donor. Administration fees are recorded as revenue in the operating fund as a general donation.

#### (f) Expense Recognition

Expenses are recorded when incurred. Scholarships and grants are recorded upon approval.

#### (g) Foreign Currency Translation

Foreign currency accounts are translated to Canadian dollars as follows:

- At the transaction date, each asset, liability, revenue or expense is translated to Canadian dollars using the exchange rate in effect at that date.
- At October 31, monetary assets are translated into Canadian dollars using the exchange rate in effect at that date.

The resulting foreign exchange gains and losses are recorded in the Statement of Revenues and Expenses.

#### (h) Donated Services

The work of the Foundation is dependent on the services of many volunteers at fundraising events, through committees, counsel, and pro bono services provided by Golf Canada. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, donated services are not recorded in the Statement of Revenues and Expenses.

### 3. Financial Instruments

#### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another party failing to discharge its obligation. The Foundation is subject to credit risk through trade receivables. Credit risk is minimized by dealing primarily with organizations and donors with strong financial positions.

The Foundation maintains provisions for potential credit losses and any such losses to date have been within management's expectations. There have been no changes in this risk from the prior year. There have been no changes in this risk from the prior year.

#### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to market fluctuations through its investments quoted in active markets. Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in those market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the markets. The Investment Committee controls risk management of the portfolio by assigning a risk classification to each holding within the portfolio and ensuring that appropriate diversification exists, guided by the Investment Policy Statement. There have been no changes in this risk from the prior year.

# Golf Canada Foundation

## Notes to Financial Statements

October 31, 2018

### 3. Financial Instruments (Continued)

#### (c) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and payable to Golf Canada. The Foundation manages this risk by maintaining a portion of its invested assets in liquid holdings. There have been no changes in this risk from the prior year.

#### (d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At the statement of financial position date, the Foundation had \$50,000 (2017 - \$NIL) in outstanding U.S. receivables.

### 4. Investments

The Foundation's investment portfolio consists of a mix of active and passive investments consisting of pooled global and North American income and equity funds as well as shares of mortgage investment corporations. The portfolio is governed by an Investment Committee and management obtain input on a regular basis from the Foundation's professional advisors in making decisions relating to the portfolio. Investment income recognized in the Statement of Revenues and Expenses include the following:

	2018	2017
Distributions	\$ 32,735	\$ 104,362
(Decrease) / Increase in Fair Value of Investments	(30,915)	3,521
	\$ 1,820	\$ 107,883

### 5. Deferred Scholarship Contributions

Deferred scholarship contributions are the unspent portion of contributions designated for scholarships and grants to be paid in future periods. A continuity of the unexpended funds is as follows:

Balance, beginning of year	\$ 134,711
Contributions (net) during the year	190,845
Scholarships and grants paid during the year	(204,616)
Balance, end of year	\$ 120,940

The Foundation plans to distribute \$61,229 in grants and scholarships from deferred contributions in fiscal 2019.

# Golf Canada Foundation

## Notes to Financial Statements

October 31, 2018

### 6. Operating Fund

#### a) Programs

The Foundation's expanded strategic mandate promotes several specific programs in Canadian golf. The balance of funds raised, net of grants and scholarships paid within the specific pillars is included within the operating fund. From time to time the Board may approve the transfer of funds from General Operations to one of the specific programs.

Unexpended funds with respect to each of the specific programs are as follows:

	General Operations	Junior Golf	Women's Golf	High Performance	Golf Heritage	Collegiate Golf	Total
Balance, beginning of year	\$ 422,268	\$ -	\$ 220,319	\$ -	\$ 1,530	\$ -	\$ 644,117
Transfers from General Operations	(707,323)	327,780	-	334,550	-	44,993	-
Transfers between Programs	-	-	(25,000)	25,000	-	-	-
Revenues	1,734,022	134,645	5,175	320,450	60,368	15,000	2,269,660
Expenses	(759,080)	(462,425)	(36,500)	(680,000)	(49,451)	(59,993)	(2,047,449)
Balance, end of year	\$ 689,887	\$ -	\$ 163,994	\$ -	\$ 12,447	\$ -	\$ 866,328

#### b) Fundraising Events

Fundraising event revenues and expenses included in the Statement of Revenues and Expenses consist of the amounts recognized from various fundraising and promotional events conducted by the Foundation and are included in General Operations. During 2018, the Foundation conducted the Golf Canada Foundation Monday Pro-Am during at the RBC Canadian Open; the Golf Canada Foundation Trustee Cup; Hall of Fame Day at the RBC Canadian Open; CP Women's Open Canada Day All-Star Pro-Am; the Spring Swing; and the Play Like the Pros Charity Challenge.

### 7. Endowment Fund

The Foundation has the following Endowment Funds. Included in the Statement of Revenues and Expenses are the following transactions with respect to these funds:

	October 31, 2017	Additions / Changes to Funds	Income Earned	Scholarships Paid	October 31, 2018
Marlene Stewart Streit Golf Scholarship	\$ 280,691	\$ (2,800)	\$ 349	\$ (3,000)	\$ 275,240
Connor/Spafford Scholarship	334,894	(5,000)	411	(22,500)	307,805
	\$ 615,585	\$ (7,800)	\$ 760	\$ (25,500)	\$ 583,045

### 8. Related Party Balances and Transactions

The Payable to Golf Canada is settled on a periodic basis. Transactions between the two entities consist of reimbursements to Golf Canada for expenses paid on behalf of the Foundation and for grants paid to support their World Jr. Girls Championship, Golf in Schools, Future Links, Team Canada and Young Pro Programs. Total grants paid to Golf Canada during the year were \$908,085 (2017 - \$726,210) and have been reflected in Grants on the Statement of Revenues and Expenses.