Financial Statements of

OSOYOOS GOLF CLUB

And Independent Practitioner's Review Engagement Report thereon

Year ended December 31, 2024

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Osoyoos Golf Club

We have reviewed the accompanying financial statements of Osoyoos Golf Club, which comprise the statement of financial position as at December 31, 2024, the statement of operations, statement of changes in net assets and statement of cash flows and notes, comprising 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 Osoyoos Golf Club as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by Section 117(1)(b) of the Societies Act (British Columbia), we are required to state whether these financial statements are prepared on a basis consistent with the basis on which the financial statements that related to the preceding period were prepared. Based on our review, nothing has come to our attention that causes us to believe that the significant accounting policies applied in preparing these financial statements have not been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

Kelowna, Canada

April 21, 2025

OSOYOOS GOLF CLUB

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Accounts receivable	$ 24,305	$ 52,707
Inventories (note 2)	103,943	119,411
	128,248	172,118
Tangible capital assets (note 3)	6,640,466	6,756,556
	$ 6,768,714	$ 6,928,674
Liabilities		
Current liabilities:		
Operating credit facility (note 4)	$ 635,251	$ 121,166
Accounts payable and accrued liabilities (note 5)	155,389	79,738
Deferred revenue	249,600	100,626
Current portion of long-term debt	1,530,559	260,199
Current portion of capital lease obligations	238,428	257,652
	2,809,227	819,381
Deferred capital contributions (note 6)	240,000	270,000
Long-term debt (note 7)	1,485,162	2,913,119
Capital lease obligations (note 8)	693,349	932,447
	5,227,738	4,934,947
Net assets:		
Invested in tangible capital assets	2,452,968	2,123,139
Unrestricted	(911,992)	(129,412)
	1,540,976	1,993,727
Commitments (note 9)		
	$ 6,768,714	$ 6,928,674

See accompanying notes to financial statements.

On behalf of the Board:

OSOYOOS GOLF CLUB

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Green fees	$ 1,439,277	$ 1,290,527
Members' dues	991,564	1,008,086
Golf carts and storage	591,084	660,388
Food and beverage, net (note 10)	624,448	436,389
Pro shop, net (note 10)	66,273	53,150
Sundry	14,726	29,027
Amortization of deferred capital contributions	30,000	30,000
	3,757,372	3,507,567
Expenses:		
Advertising	31,131	26,780
Amortization of tangible capital assets	505,880	543,386
Bank and credit card charges	100,681	82,626
Chemicals and supplies	333,760	258,880
Equipment and golf cart rentals	39,056	89,840
Fuel	74,354	69,468
Interest	272,154	289,460
Licences and fees	37,452	42,507
Occupancy cost	113,204	91,606
Office and general	134,426	141,942
Professional fees	28,108	13,400
Repairs and maintenance	182,032	226,840
Salaries and benefits	2,357,885	2,071,927
	4,210,123	3,948,662
	(452,751)	(441,095)
Loss on disposal of tangible capital assets	-	(13,394)
Excess (deficiency) of revenue over expenses	$ (452,751)	$ (454,489)

See accompanying notes to financial statements.

OSOYOOS GOLF CLUB

Statement of Changes in Net Assets

Year ended December 31, 2024, with comparative information for 2023

	Investment in tangible capital assets	Unrestricted	Total 2024	Total 2023
Balance, beginning of year	$ 2,123,139	$ (129,412)	$ 1,993,727	$ 2,448,216
Excess (deficiency) of revenue over expenses	(475,880)	23,129	(452,751)	(454,489)
Net change in investment in tangible capital assets:				
Purchase of tangible capital assets	389,790	(389,790)	-	-
Proceeds of long-term debt	(102,675)	102,675	-	-
Repayment of long-term debt	260,272	(260,272)	-	-
Repayment of capital lease obligations	258,322	(258,322)	-	-
Balance, end of year	$ 2,452,968	$ (911,992)	$ 1,540,976	$ 1,993,727

See accompanying notes to financial statements.

OSOYOOS GOLF CLUB

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (452,751)	$ (454,489)
Items not involving cash:		
Amortization of deferred capital contributions	(30,000)	(30,000)
Amortization of tangible capital assets	505,880	543,386
Loss on disposal of tangible capital assets	-	13,394
Changes in non-cash operating working capital:		
Accounts receivable	28,402	14,699
Inventories	15,468	(3,303)
Prepaid expenses	-	28,411
Accounts payable and accrued liabilities	75,651	(50,399)
Deferred revenue	148,974	47,020
	291,624	108,719
Financing activities:		
Deferred capital contributions received	-	300,000
Proceeds from long-term debt	102,675	695,366
Repayment of long-term debt	(260,272)	(463,349)
Repayment of capital lease obligations	(258,322)	(299,162)
	(415,919)	232,855
Investing activities:		
Purchase of tangible capital assets	(389,790)	(971,966)
Net proceeds on disposal of tangible capital assets	-	71,610
	(389,790)	(900,356)
Increase in cash and cash equivalents	(514,085)	(558,782)
Cash and cash equivalents (operating credit facility), beginning of year	(121,166)	437,616
Cash and cash equivalents (operating credit facility), end of year	$ (635,251)	$ (121,166)
Non-cash transactions:		
Equipment acquired through capital leases	$ -	$ 614,662

See accompanying notes to financial statements.

Osoyoos Golf Club (the "Club"), a Society registered under the Societies Act of British Columbia, operates and maintains for the benefit and use of its members and guests, a club house and golf courses in Osoyoos, British Columbia. The Club is a not-for-profit organization under the Income Tax Act and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and its significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents include cash and instruments readily convertible to into known amounts of cash.

(b) Inventories:

Inventories, consisting of food and beverage and Pro Shop inventories and chemicals and supplies held for sale and use in these operations, are recorded at the lower of purchase cost and net realizable value. Cost is determined on a first in, first out basis. Net realizable value is the estimated selling price in the ordinary course of operations less estimated direct selling costs.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost, less accumulated amortization. Amortization is provided using the straight-line method and following annual rates:

Asset	Rate
Course and property improvements	3% - 10%
Buildings	5% - 10%
Irrigation system	5% - 10%
Equipment	10%
Furniture and fixtures	10%
Computer	55% - 100%
Vehicle	10%

Equipment acquired through capital leases are amortized over their estimated useful lives on the same basis as outlined above. Construction in progress is amortized in the period the asset is available for use.

The carrying amount of a tangible capital asset is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the asset no longer contributes to the Club's operations.

1. Significant accounting policies (continued):

(d) Leases:

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Club are accounted for as capital leases. At the inception of the capital lease, a tangible capital asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Payments under operating leases are expensed as incurred.

(e) Deferred capital contributions:

Contributions for the purpose of acquiring or developing a depreciable tangible capital asset are recorded, and referred to, as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal periods during which the tangible capital asset is used to provide services. If the depreciable tangible capital asset funded by a deferred contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.

(f) Revenue recognition:

The Club follows the deferral method of accounting for revenue. Members' dues are recognized as revenue in the year to which the dues apply and when collection of the fees is reasonably assured. Green fees, food and beverage, Pro Shop and sundry revenue is recognized at the time the goods or services have been provided and proceeds are received or receivable. Members' initiation fees are recorded as an unrestricted contribution to the Club when the proceeds received.

(g) Contributed services:

Individuals and organizations contribute numerous gift-in-kind donations each year to assist the Club in carrying out its operations. Because of the difficulty in determining the fair value of the contributed services, contributed services are not recognized in these financial statements.

The Town of Osoyoos provides a lease for the Club at nominal cost. The fair market value of these services is difficult to determine, and as a result is not reflected in the financial statements.

1. Significant accounting policies (continued):

(h) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Club measures cash and cash equivalents at fair value and measures all other financial assets and liabilities at amortized cost.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Club determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Club expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Inventories:

	2024	2023
Food and beverage	$ 29,791	$ 26,340
Pro Shop	53,134	69,563
Chemicals and supplies	21,018	23,508
	$ 103,943	$ 119,411

Food and beverage and Pro Shop inventories are charged to food and beverage and Pro Shop revenues as disclosed in note 10. Chemicals and supplies are expensed in chemicals and supplies expense.

3. Tangible capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Leasehold assets:				
Course and property improvements	$ 4,559,569	$ 2,308,993	$ 2,250,576	$ 2,253,521
Buildings	2,758,735	2,067,040	691,695	735,330
Irrigation system	2,186,553	177,324	2,009,229	2,051,040
Equipment	3,697,078	3,267,275	429,803	239,896
Furniture and fixtures	259,882	233,423	26,459	28,385
Computer	155,741	155,741	-	3,723
Vehicle	25,781	6,445	19,336	21,914
	13,643,339	8,216,241	5,427,098	5,333,809
Equipment acquired through capital leases	1,560,165	346,797	1,213,368	1,422,747
	$ 15,203,504	$ 8,563,038	$ 6,640,466	$ 6,756,556

4. Operating credit facility:

Amounts borrowed under the Club's available operating credit facility bear interest at the lender's prime rate plus 2.0% and are secured as disclosed in note 7.

5. Accounts payable and accrued liabilities:

	2024	2023
Accounts payable and accrued liabilities	$ 150,726	$ 75,410
Government remittances	4,663	4,328
	$ 155,389	$ 79,738

6. Deferred capital contributions:

	2024	2023
Deferred capital contributions, beginning of year	$ 270,000	$ -
Capital contributions received	-	300,000
Amortization	(30,000)	(30,000)
Deferred capital contributions, end of year	$ 240,000	$ 270,000

7. Long-term debt:

	2024	2023
Term loan, bearing interest at 6.49% repayable in blended monthly payments of $18,193, maturing July 2025	$ 1,288,025	$ 1,418,192
Instalment payment contract, bearing interest at 7.25%, repayable in blended monthly payments of $21,090, maturing August 2033	1,625,020	1,755,126
Term loan, bearing interest at prime rate plus 1.00% (December 31 - 5.95% in aggregate), fully repayable June 2025	102,675	-
	3,015,721	3,173,318
Current portion	1,530,559	260,199
	$ 1,485,162	$ 2,913,119

Interest expense includes interest on long-term debt totaling $211,128 (2023 - $229,953)

The Club's bank debt arrangements, including its operating credit facility (note 4) and loans above, are secured by a registered mortgage, a first ranking general security agreement and an assignment of insurance. The Club bank debt arrangements include an interim funding agreement that provides up to $250,000 to fund equipment acquisitions, of which $102,675 was borrowed to December 31, 2024. Amounts borrowed under this facility bear interest at the bank's prime rate plus 1%.

7. Long-term debt (continued):

Scheduled principal repayments on long-term debt over the next five years, based on existing terms, are as follows:

2025	$ 1,530,559
2026	150,342
2027	161,611
2028	173,725
2029	186,748

8. Capital lease obligations:

	2024	2023
2024	$ -	$ 317,834
2025	286,348	286,348
2026	265,530	265,530
2027	340,804	340,804
2028	105,861	105,861
2029	44,109	44,109
Total lease payments	1,042,652	1,360,486
Less amount representing interest at 3.18% to 8.14%	110,875	170,387
	931,777	1,190,099
Current portion	238,428	257,652
	$ 693,349	$ 932,447

Interest expense includes interest on capital lease obligations totaling $61,025 (2023 - $59,506)

9. Commitments:

In 1993, the Club entered into a lease with the Town of Osoyoos. The lease commenced September 1, 1993, with payments of $1 per year. The Club's current lease term with the Town expires August 2028. The lease agreement provides the Club with the option to renew the lease, on the same terms and conditions, for five additional five year terms.

10. Food and beverage and Pro Shop revenue, net:

	2024	2023
Food and beverage:		
Sales	$ 1,106,677	$ 787,955
Cost of sales	482,229	351,565
	$ 624,448	$ 436,390

	2024	2023
Pro Shop:		
Sales	$ 249,175	$ 273,658
Cost of sales	182,902	220,508
	$ 66,273	$ 53,150

11. Financial risks and concentration of risk:

(a) Interest rate and cash flow 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. The Club is exposed to interest rate and cash flow risk in connection with its cash and cash equivalents, long-term debt and capital lease obligations, as disclosed in notes 4, 7 and 8.

(b) Liquidity risk:

Liquidity risk is the risk that the Club will encounter difficulty in meeting financial obligations as they become due. The club manages liquidity risk trough the use of budgets and continually monitoring cash flows. Liquidity risk for the 2024 fiscal year was impacted by new bank financing and regular payments on long-term debt and capital lease obligations.

(c) Economic risk:

The Club's operations are located in Osoyoos, British Columbia and are impacted by the general economic conditions, including tourism activity in the South Okanagan.