Financial Statements of

OSOYOOS GOLF CLUB

And Independent Practitioner's Review Engagement Report thereon

Year ended December 31, 2025

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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, 2025, 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.

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, 2025, 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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 29, 2026

OSOYOOS GOLF CLUB

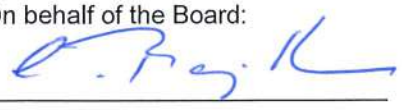
Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	$ 168,501	$ -
Accounts receivable	10,100	24,305
Inventories (note 3)	110,660	103,943
	289,261	128,248
Tangible capital assets (note 4)	6,327,520	6,640,466
	$ 6,616,781	$ 6,768,714
Liabilities		
Current liabilities:		
Operating credit facility (note 2)	$ -	$ 635,251
Accounts payable and accrued liabilities (note 5)	198,097	155,389
Deferred revenue	854,130	249,600
Current portion of long-term debt	1,300,792	1,530,559
Current portion of capital lease obligations	282,889	238,428
	2,635,908	2,809,227
Deferred capital contributions (note 6)	210,000	240,000
Long-term debt (note 7)	1,335,674	1,485,162
Capital lease obligations (note 8)	678,722	693,349
	4,860,304	5,227,738
Net assets:		
Invested in tangible capital assets	2,519,443	2,452,968
Unrestricted	(762,966)	(911,992)
	1,756,477	1,540,976
Commitments (note 9)		
	$ 6,616,781	$ 6,768,714

See accompanying notes to financial statements.

On behalf of the Board:



OSOYOOS GOLF CLUB

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Green fees	$ 1,913,423	$ 1,439,277
Members' dues	1,070,834	991,564
Golf carts and storage	808,016	591,084
Food and beverage, net (note 10)	829,716	624,448
Pro shop, net (note 10)	65,386	66,273
Sundry	12,400	14,726
Amortization of deferred capital contributions	30,000	30,000
	4,729,775	3,757,372
Expenses:		
Advertising	147,993	31,131
Amortization of tangible capital assets	633,272	505,880
Bank and credit card charges	114,165	100,341
Chemicals and supplies	376,103	333,760
Equipment and golf cart rentals	48,741	39,056
Fuel	63,999	74,354
Interest	255,619	272,494
Licences and fees	38,645	37,452
Occupancy cost	118,120	113,204
Office and general	148,858	134,426
Professional fees	19,873	28,108
Repairs and maintenance	160,781	182,032
Salaries and benefits	2,388,105	2,357,885
	4,514,274	4,210,123
Excess (deficiency) of revenue over expenses	$ 215,501	$ (452,751)

See accompanying notes to financial statements.

OSOYOOS GOLF CLUB

Statement of Changes in Net Assets

Year ended December 31, 2025, with comparative information for 2024

	Investment in tangible capital assets	Unrestricted	Total 2025	Total 2024
Balance, beginning of year	$ 2,452,968	$ (911,992)	$ 1,540,976	$ 1,993,727
Excess (deficiency) of revenue over expenses	(603,272)	818,773	215,501	(452,751)
Net change in investment in tangible capital assets:				
Purchase of tangible capital assets	327,044	(327,044)	-	-
Disposal of tangible capital assets	(298,290)	298,290	-	-
Repayment of long-term debt	379,255	(379,255)	-	-
Repayment of capital lease obligations	261,738	(261,738)	-	-
Balance, end of year	$ 2,519,443	$ (762,966)	$ 1,756,477	$ 1,540,976

See accompanying notes to financial statements.

OSOYOOS GOLF CLUB

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 215,501	$ (452,751)
Items not involving cash:		
Amortization of deferred capital contributions	(30,000)	(30,000)
Amortization of tangible capital assets	633,272	505,880
Changes in non-cash operating working capital:		
Accounts receivable	14,205	28,402
Inventories	(6,717)	15,468
Accounts payable and accrued liabilities	42,708	75,651
Deferred revenue	604,530	148,974
	1,473,499	291,624
Financing activities:		
Repayment of long-term debt	(379,255)	(260,272)
Proceeds from long-term debt	-	102,675
Repayment of capital lease obligations	(261,738)	(258,322)
	(640,993)	(415,919)
Investing activities:		
Purchase of tangible capital assets	(327,044)	(389,790)
Net proceeds on disposal of tangible capital assets	298,290	-
	(28,754)	(389,790)
Increase (decrease) in cash	803,752	(514,085)
Operating facility, beginning of year	(635,251)	(121,166)
Cash (operating credit facility), end of year	$ 168,501	$ (635,251)

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) 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.

(b) 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.

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):

(c) 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, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment acquired through capital leases are amortized on the same basis as described note 1(b). Payments for operating leases are expensed as incurred.

(d) 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.

(e) Revenue recognition:

The Club follows the deferral method of accounting for revenue. Members' dues and initiation fees 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 are recognized at the time the goods or services have been provided and proceeds are received or receivable..

(f) 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):

(g) Use of estimates:

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.

(h) 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 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. Operating credit facility:

Amounts borrowed under the Club's available operating credit facility bear interest at the lender's prime rate plus 2.0% (December 31, 2025 - 6.95% in aggregate) and are secured as disclosed in note 7.

3. Inventories:

		2025		2024
Chemicals and supplies	$	48,441	$	29,791
Pro Shop		46,257		53,134
Food and beverage		15,962		21,018
	$	110,660	$	103,943

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.

4. Tangible capital assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Leasehold assets:				
Course and property improvements	$ 4,509,961	$ 2,438,509	$ 2,071,452	$ 2,250,576
Buildings	2,811,806	2,116,421	695,385	691,695
Irrigation system	2,191,548	395,439	1,796,109	2,009,229
Equipment	3,701,775	3,321,793	379,982	429,803
Furniture and fixtures	275,397	238,064	37,333	26,459
Computer	168,423	159,229	9,194	-
Vehicle	25,781	9,023	16,758	19,336
	13,684,691	8,678,478	5,006,213	5,427,098
Equipment acquired through capital leases	1,839,139	517,832	1,321,307	1,213,368
	$ 15,523,830	$ 9,196,310	$ 6,327,520	$ 6,640,466

5. Accounts payable and accrued liabilities:

	2025	2024
Accounts payable and accrued liabilities	$ 103,348	$ 150,726
Government remittances	94,749	4,663
	$ 198,097	$ 155,389

6. Deferred capital contributions:

	2025	2024
Deferred capital contributions, beginning of year	$ 240,000	$ 270,000
Amortization	(30,000)	(30,000)
Deferred capital contributions, end of year	$ 210,000	$ 240,000

7. Long-term debt:

	2025	2024
Instalment payment contract, bearing interest at 7.25%, repayable in blended monthly payments of $21,090, maturing August 2033	$ 1,486,016	$ 1,625,020
Term loan, bearing interest at 5.82% repayable in blended monthly payments of $17,542, maturing July 2026	1,150,450	1,288,025
Term loan, repaid during the year	-	102,676
	2,636,466	3,015,721
Current portion	1,300,792	1,530,559
	$ 1,335,674	$ 1,485,162

Interest expense includes interest on long-term debt totaling $191,565 (2024 - $211,128)

The Club's bank debt arrangements, including its operating credit facility (note 2) and loans above, are secured by a registered mortgage, a first ranking general security agreement and an assignment of insurance. The Club's operating credit facility has an authorized borrowing limit of $250,000 and includes a seasonal bulge agreement for the period from November 2025 to February 2026 that provides up to $300,000 to fund operations during the off-season, of which $nil has been borrowed at December 31, 2025.

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

2026	$ 1,300,792
2027	161,611
2028	173,725
2029	186,748
2030	200,746

8. Capital lease obligations:

	2025	2024
2025	$ -	$ 286,348
2026	334,730	265,530
2027	410,003	340,804
2028	175,061	105,861
2029	113,308	44,109
2030	34,600	-
Total lease payments	1,067,702	1,042,652
Less amount representing interest at 3.18% to 6.95%	106,091	110,875
	961,611	931,777
Current portion	282,889	238,428
	$ 678,722	$ 693,349

Interest expense includes interest on capital lease obligations totaling $64,054 (2024 - $61,025)

9. Commitments:

The Club has commited under operating leases for equipment with various terms expiring from April 2026 to December 2030. Estimated future minimum lease payments are as follows:

2026	$ 153,049
2027	133,924
2028	133,924
2029	133,924
2030	133,924
	$ 688,745

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:

	2025	2024
Food and beverage:		
Sales	$ 1,318,692	$ 1,106,677
Cost of sales	488,976	482,229
	$ 829,716	$ 624,448

	2025	2024
Pro Shop:		
Sales	$ 227,150	$ 249,175
Cost of sales	161,764	182,902
	$ 65,386	$ 66,273

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 operating credit facility, long-term debt and capital lease obligations, as disclosed in notes 2, 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 2025 fiscal year was impacted by new bank financing.

(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.