

Financial Statements of
Saskatchewan Golf Association Inc.
operating as
Golf Saskatchewan

December 31, 2015

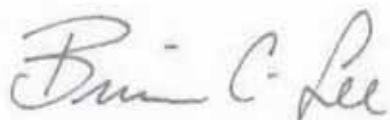
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Saskatchewan Golf Association Inc.** operating as **Golf Saskatchewan** have been prepared by the Association's management in accordance with Canadian accounting standards for not-for profit organizations and necessarily include some amounts based on informed judgment and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.



Executive Director



President



INDEPENDENT AUDITORS' REPORT

To the Members, Golf Saskatchewan

We have audited the accompanying financial statements of **Saskatchewan Golf Association Inc.** operating as **Golf Saskatchewan** which comprise the statement of financial position as at December 31, 2015, and the statements of operations, 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, 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.

Auditors' 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 auditors' 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 Association'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 Association'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, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2015 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.

March 30, 2016
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

GOLF SASKATCHEWAN
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015
(with comparative figures for 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current		
Cash	\$ 280,447	\$ 294,198
Accounts receivable	17,047	25,640
Inventory	21,708	32,454
Prepaid expenses	1,151	809
	320,353	353,101
Long-term		
Tangible capital assets (Note 3)	10,349	15,209
Investments (Note 4)	388,099	342,129
	398,448	357,338
	\$ 718,801	\$ 710,439
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 28,969	\$ 16,404
Deferred revenue (Note 6)	197,831	195,537
	226,800	211,941
Net Assets		
Invested in tangible capital assets	10,349	15,209
Restricted for Golf Hall of Fame	9,945	10,584
Unrestricted surplus	471,707	472,705
	492,001	498,498
	\$ 718,801	\$ 710,439

Approved on behalf of the Board of Directors:





GOLF SASKATCHEWAN
STATEMENT OF CHANGES IN NET ASSETS
AS AT DECEMBER 31, 2015
(with comparative figures for 2014)

	Invested in tangible capital assets	Restricted for Golf Hall of Fame	Unrestricted surplus	Total 2015	Total 2014
Balance - beginning of year	\$ 15,209	\$ 10,584	\$ 472,705	\$ 498,498	\$ 473,040
Excess (deficiency) of revenue over expenses	-	(639)	(5,858)	(6,497)	25,458
Amortization	(4,860)	-	4,860	-	-
Balance - end of year	\$ 10,349	\$ 9,945	\$ 471,707	\$ 492,001	\$ 498,498

GOLF SASKATCHEWAN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
Revenue		
Saskatchewan Lotteries Trust Fund, Sport Division (Schedule 1)	\$ 305,852	\$ 275,800
Self Help (Schedule 2)	418,455	427,895
Investment income	16,637	13,399
Realized gain on sale of investments	22,760	-
Unrealized gain (loss) on market value of investments	(23,455)	14,975
Tournaments / competitions	76,396	83,213
Saskatchewan Golf Hall of Fame	10,326	-
	<hr/> 826,971	<hr/> 815,282
Expenses		
Administration (Schedule 3)	280,495	293,617
Capacity and Interaction (Schedule 4)	49,824	38,133
Participation / Interaction (Schedule 5)	110,904	117,408
Excellence (Schedule 6)	93,372	94,662
Membership Assistance Program (Schedule 7)	97,140	88,946
Charitable events	28,475	4,325
National fees	162,293	152,352
Saskatchewan Golf Hall of Fame	10,965	381
	<hr/> 833,468	<hr/> 789,824
Excess (deficiency) of revenue over expenses	\$ (6,497)	\$ 25,458

GOLF SASKATCHEWAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
Cash provided by (used in) operating activities:		
Excess (deficiency) of revenue over expenses	\$ (6,497)	\$ 25,458
Amortization	4,860	6,532
	(1,637)	31,990
Changes in working capital accounts		
Accounts receivable	8,593	(11,209)
Inventory	10,746	(7,599)
Prepaid expenses	(342)	(809)
Accounts payable	12,565	(3,262)
Deferred revenue	2,294	16,307
	32,219	25,418
Cash provided by (used in) investing activities:		
Purchase of tangible capital assets	-	(2,316)
Net (purchase) redemption of investments	(63,322)	46,315
Decrease (increase) in market value of investments	17,352	(19,472)
	(45,970)	24,527
Change in cash during the year	(13,751)	49,945
Cash - beginning of year	294,198	244,253
Cash - end of year	\$ 280,447	\$ 294,198

GOLF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

1. Description of operations

Saskatchewan Golf Association Inc. ("Golf Saskatchewan" or the "Association") was incorporated under the Saskatchewan Non-Profit Corporations Act of Saskatchewan. The Association promotes and coordinates amateur golf in the Province of Saskatchewan.

2. Summary of significant accounting policies

The financial statements required management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements reflect the following policies:

Inventory

Inventory is recorded at the lower of cost and net realizable value. The Association periodically reviews its inventory and determines if any adjustments are necessary.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over their estimated useful life of the assets at the following annual rates:

Computers	40%
Equipment	30%
Furniture & fixtures	30%

Revenue recognition

The Organization follows the deferred method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collections are assured. Revenues received from the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation have been recorded as revenue in the fiscal year as approved by the Fund.

Donations in kind

Donations of material and services are recorded at fair market value when received if the amount can be reasonably estimated and would otherwise have been purchased.

GOLF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

2. Summary of significant accounting policies (continued)

Financial instruments – recognition and measurement

Financial assets and financial liabilities are recorded on the statement of financial position when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. All other financial assets, except for investments, and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument. Investments are measured at fair value.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenues over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be subsequently reversed if the value subsequently improves.

3. Tangible capital assets

	2015		2014	
	Cost	Accumulated Amortization	Net book value	Net book value
Computer	\$ 41,394	\$ 39,612	\$ 1,782	\$ 2,970
Office equipment	17,771	16,988	783	1,118
Equipment	30,452	22,668	7,784	11,121
	<u>\$ 89,617</u>	<u>\$ 79,268</u>	<u>\$ 10,349</u>	<u>\$ 15,209</u>

4. Investments

	2015	2014
RBC A+ Unified Managed Account	\$ 380,746	\$ -
BMO Covered Call Canadian Banks EFT	-	51,270
Mutual Funds	-	284,442
Sport Legacy Fund investment (Note 5)	3,931	3,237
Cash surrender value of life insurance policy	3,422	3,180
Total long-term investments	<u>\$ 388,099</u>	<u>\$ 342,129</u>

The RBC A+ Unified Managed Account is a structure which provides access to multiple investment managers within one account. The asset allocation of the account is set at 45% equities and 55% fixed income, with an emphasis on high quality securities, income generation, downside protection and capital preservation. At December 31, 2015, the asset allocation in the account was \$13,100 in cash, \$147,100 in fixed income, \$151,400 in common shares, \$56,900 in mutual funds and \$12,100 in foreign securities.

GOLF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

5. Sport Legacy Fund

The receivable from the Sport Legacy Fund and related liability consists of donations based on various programs and contributions by Sask Sport. To qualify for the additional contribution by Sask Sport Inc., the Association is required to leave the original amount and additional donations in the Legacy Fund for a minimum of five years.

6. Deferred revenue

During 2015, Golf Saskatchewan received \$193,900 from the Saskatchewan Lotteries Trust Fund for expenses which will occur in the following fiscal year (2014 – \$192,300). Included in deferred revenue are funds invested with the Sport Legacy Fund of \$3,930 (2014 – \$3,237).

7. Economic dependence

Golf Saskatchewan currently receives revenue in grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. As a result, the Association is dependent upon the continuance of these grants to maintain operations at their current level.

8. Income taxes

No provision for income taxes has been made in these financial statements as the Association is a non-profit organization and is exempt from income taxes under Section 149(1)(l) of the *Income Tax Act*. To the extent the Association maintains its non-profit status, no income taxes are expected to be payable.

9. Financial risk management

The significant financial risks to which the Association is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk on the accounts receivable from its customers, however, does not have a significant exposure to any individual customer or member. The Association incurred \$7,519 in bad debt expense in the current year, but the expense in the previous past three years was insignificant. Its customers are mainly members of the Association.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association's exposure to liquidity risk is dependent on the receipt of funds from its operations and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Association's financial obligations.

Price risk

Price 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 Association's investments in publically traded securities expose the Association to market price risk as such investments are subject to price changes in the open market. The Association does not use any derivative financial instruments to alter the effects of this risk.

GOLF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

10. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation in the current year.

GOLF SASKATCHEWAN
Schedule of Revenue
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
Schedule 1 - Saskatchewan Lotteries Trust Fund, Sport Division		
Annual funding	\$ 191,600	\$ 177,000
Membership Assistance Program (Schedule 7)	96,500	87,800
Hosting - National	15,000	-
Hosting - Regional	2,752	-
Aboriginal grants	-	6,000
Jeux Canada Games	-	5,000
	<hr/>	<hr/>
	\$ 305,852	\$ 275,800
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Schedule 2 - Self Help		
Internal		
Membership fees	\$ 362,660	\$ 358,417
Camp / clinic fees	15,698	23,030
External		
Golf Canada (NSO)	17,774	19,521
Sask Sport Inc. FUNdamentals grant	12,000	-
Student Summer Works grant	3,500	3,500
Fundraising and sponsorship	3,436	17,255
Merchandise sales	3,387	3,347
Charitable events	-	2,825
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	\$ 418,455	\$ 427,895
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GOLF SASKATCHEWAN
Schedule of Expenses
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
Schedule 3 - Administration		
Audit, accounting and legal	\$ 9,791	\$ 17,836
Bank charges and interest	9,832	9,864
Board and staff promotion	1,326	2,076
Cost of goods sold	707	871
Amortization	4,860	6,532
Insurance	2,789	2,022
Office operations:		
Bad debt	7,519	-
Computer and website	1,050	2,751
Phone	8,386	7,835
Postage	3,173	3,054
Printing / photocopying	396	576
Rent	14,874	14,629
Supplies	2,796	2,903
Professional development	5,302	2,415
Staff salaries and benefits	207,125	219,804
Staff travel	569	449
	<hr/>	<hr/>
	\$ 280,495	\$ 293,617
Schedule 4 - Capacity and Interaction		
Awards and recognition	\$ 5,456	\$ 6,576
Marketing and promotions	16,937	9,665
Meetings	23,451	23,073
Turf grass research	1,500	1,500
Volunteer clothing	2,480	(2,681)
	<hr/>	<hr/>
	\$ 49,824	\$ 38,133
	<hr/>	<hr/>

GOLF SASKATCHEWAN
Schedule of Expenses
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

	<u>2015</u>		<u>2014</u>
Schedule 5 - Participation / Interaction			
Athlete development			
Competition	\$ 70,890	\$	79,566
Introductory programs	16,245		12,162
Media day	334		1,835
Training	-		1,471
Coaches development			
Introductory clinics and coach professional development	165		-
Officials development			
Course rating	14,252		16,642
Handicap	622		1,131
Rules	8,396		4,601
	\$ 110,904	\$	117,408

Schedule 6 - Excellence			
Athlete development			
Athlete assistance	\$ 15,003	\$	15,107
Hosting - National & Regional	17,752	\$	-
National championship	25,914		32,808
Training	13,204		24,955
Multi sport games	4,111		8,729
Scholarships	5,800		5,300
Coaching and coach development			
Clinics and professional development	1,436		2,044
Travel	2,450		-
Official development	7,702		5,719
	\$ 93,372	\$	94,662

GOLF SASKATCHEWAN
Schedule of Expenses
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

		<u>2015</u>		<u>2014</u>
Schedule 7 - Membership Assistance Payments				
Bengough Regional Park Golf Club	\$	1,825	\$	735
Candle Lake Golf Resort		1,000		500
Canwood Golf Club		500		-
Carlton Trail Regional Park		750		650
Carnduff Golf Club		825		1,750
Chinook Golf Course		1,870		755
Cooke Municipal Golf Course		1,000		1,000
Coronach Golf Club		-		500
Dakota Dunes Golf Links		730		500
Davidson Country Club		1,250		-
Deer Park Municipal Golf Course		3,004		1,277
Deer Ridge Golf Club		1,105		750
Deer Valley Golf & Estates		1,385		1,300
Eagle Point Resort		1,300		500
Echo Ridge Golf Course		500		500
Elk Ridge Resort		1,050		940
Elmwood Golf & Country Club		3,000		2,500
Eston Riverside Golf Club		475		482
Evergreen Golf Club		1,600		1,825
Fairview Fairways Golf Club		1,250		900
Foam Lake Golf & Country Club		1,196		1,000
Golf Kenosee		3,535		1,200
Good Spirit Golf Resort		-		450
Green Acres Golf & Country Club		465		650
Greenhills Golf Resort		1,658		1,000
Hidden Hills of Shellbrook Golf Course		1,500		1,500
Hillcrest Golf Club		900		746
Holiday Park Golf Course		1,528		3,312
Holiday Park Men's Golf Club		100		-
Indian Head Golf & Country Club		1,047		851
Joanne Goulet Golf Club		1,108		800
Katepwa Beach Golf Club		900		855
Kelvington Golf Club		300		350
Kindersley Golf Course		1,015		-
Lashburn Town & Country Golf Club		2,100		2,500
Lloydminster Golf & Curling Club		2,100		1,000
Long Creek Ladies Golf Club		500		280
Lynbrook Golf & Country Club		2,600		2,000
Mainprize Regional Park Golf Course		1,000		6,683
Manitou Beach Golf Club		600		700
Maple Creek Golf Club		187		1,000

GOLF SASKATCHEWAN
Schedule of Expenses
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative figures for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
Schedule 7 - Membership Assistance Payments (continued)		
Melfort Golf & Country Club	\$ -	\$ 800
Melville Golf & Country Club	1,224	1,000
Mervin & District Golf Club	570	669
Moonlake Golf & Country Club	1,690	800
Murray Men's Golf Club	14	56
Murray Women's Golf Club	405	309
North Battleford Golf & Country Club	1,800	1,575
Outlook Riverview Golf Club	2,000	1,890
Pallister Ladies Golf Club	-	444
Pasquia Golf Club	1,000	2,100
Pipestone Hills Golf Club	450	800
Ponteix Golf Club	190	-
Regina Beach Ladies Golf Club	1,816	1,301
Regina Beach Men's Golf Club	420	-
Riverside Country Club	944	2,715
Rock Creek Golf & Country Club	1,500	1,350
Rolling Pines Golf & Country Resort	710	600
Rosetown Golf & Country Club	500	500
Royal Regina Golf Club	6,000	6,771
Saskatoon Golf & Country Club	1,500	1,000
Silver Lake Golf Club	125	500
Spiritwood Golf Club	1,194	1,495
St. Brieux Regional Park Golf Course	942	1,219
The Creek Golf Club	2,500	-
The Eddy Golf Club	-	500
The Legends Golf Club	440	1,500
Tisdale Riverside Golf Club	-	500
Tor Hill Ladies Golf Club	1,000	1,250
TS&M Woodlawn Golf Club	2,185	3,000
Valley Regional Park Golf Club	985	750
Valleyview Delisle Golf & Country Club	1,540	562
Wascana Country Club	2,100	990
Waskesiu Golf Course	850	750
Weyburn Golf Club	1,800	1,000
Wildwood Golf Course	5,188	-
Wildwood Men's Golf Club	-	3,509
Willow Bunch Golf Course	-	600
Willows Golf & Country Club	3,150	-
Wynyard Golf Club	1,150	1,000
York Lake Golf & Country Club	500	900
	\$ 97,140	\$ 88,946