

Sioux Lookout Golf & Curling Club
Financial Statements
September 30, 2020

Sioux Lookout Golf & Curling Club Contents

For the year ended September 30, 2020

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Management's Responsibility

To the Directors of Sioux Lookout Golf & Curling Club:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Club. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Club's external auditors.

MNP LLP is appointed by the Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit results.

March 5, 2021

Manager

To the Directors of Sioux Lookout Golf & Curling Club:

Qualified Opinion

We have audited the financial statements of Sioux Lookout Golf & Curling Club (the "Club"), which comprise the statement of financial position as at September 30, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at September 30, 2020, 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.

Basis for Qualified Opinion

We did not observe the physical inventory count on September 30, 2020 (stated at \$7,611) and the Club does not obtain an independent measurement. We were unable to satisfy ourselves about inventory quantities by alternative means. Accordingly, we were not able to determine whether any adjustments might be necessary to inventory, Pro Shop and Beverage, net revenue, excess of revenue over expenses, and net assets. The audit opinion on the financial statements for the year ended September 30, 2019 was qualified accordingly because of the possible effects of the limitation in scope.

The Club derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Club and we were not able to determine whether any adjustments might be necessary to donations or fundraising revenue and excess of revenue over expenses for the years ending September 30, 2020 and 2019, and current assets and net assets as at September 30, 2020 and 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Club in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Thunder Bay, Ontario

March 5, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Sioux Lookout Golf & Curling Club

Statement of Financial Position

As at September 30, 2020

	2020	2019
Assets		
Current		
Cash	53,859	48,090
Accounts and other receivables	5,232	9,308
Wage subsidy receivable	-	8,015
Prepaid expenses	10,232	1,242
Inventory (Note 4)	7,611	16,315
Land held for development	238,216	232,185
	315,150	315,155
Capital assets (Note 5) (Note 13)	846,629	858,113
	1,161,779	1,173,268
Liabilities		
Current		
Accounts payable and accruals	34,362	99,936
Deferred revenue (Note 7)	5,038	5,038
Government remittances payable	11,537	8,831
Current portion of capital lease obligation (Note 8)	-	1,592
Current portion of promissory notes payable (Note 9)	75,000	75,000
	125,937	190,397
Deferred capital contributions (Note 10)	25,166	24,100
Long-term debt (Note 11)	30,000	-
	181,103	214,497
Net Assets		
Unrestricted	775,670	753,765
Contributed surplus	205,006	205,006
	980,676	958,771
	1,161,779	1,173,268

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Sioux Lookout Golf & Curling Club Statement of Operations and Changes in Net Assets

For the year ended September 30, 2020

	2020	2019
Revenue		
Golf and curling fees	165,162	142,007
Memberships	111,071	108,894
Other revenue	56,380	109,117
Donations	18,509	7,280
Amortization of deferred capital contributions <i>(Note 10)</i>	3,934	3,125
Pro Shop and Beverage, net revenue <i>(Schedule 1)</i>	62,163	66,752
Government assistance <i>(Note 12)</i>	20,443	-
Total revenue	437,662	437,175
Expenses		
Advertising and promotion	4,999	4,235
Amortization	20,580	19,816
Bank charges and interest	20,316	12,562
Bad debts	4,353	-
Contracted services	-	355
Freight/courier	698	62
Fuel	2,399	2,798
Functions, events and trophies	16,414	57,144
Insurance	16,406	14,829
Interest on capital lease obligation <i>(Note 8)</i>	8	495
Memberships and fees	7,339	8,407
Office supplies	2,613	1,818
Professional fees	11,574	12,447
Property taxes	13,410	13,490
Repairs and maintenance	65,264	49,228
Supplies	1,014	-
Telephone	3,788	1,837
Travel	1,600	27
Utilities	56,118	60,296
Wages and employee benefits	166,864	124,779
Total expenses	415,757	384,625
Excess of revenue over expenses	21,905	52,550
Net assets, beginning of year	753,765	701,215
Net assets, end of year	775,670	753,765

The accompanying notes are an integral part of these financial statements

Sioux Lookout Golf & Curling Club

Statement of Cash Flows

For the year ended September 30, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	21,905	52,550
Amortization	20,580	19,816
Amortization of deferred capital contributions	(3,934)	(3,125)
	38,551	69,241
Changes in working capital accounts		
Accounts and other receivables	4,076	(4,834)
Wage subsidy receivable	8,015	(8,015)
Inventory	8,704	(3,306)
Land held for development	(6,031)	(6,042)
Government remittances payable	2,706	(5,173)
Prepaid expenses	(8,990)	(69)
Accounts payable and accruals	(65,574)	10,602
	(18,543)	52,404
Financing		
Repayments of capital lease obligation	(1,592)	(9,105)
Increase in long-term debt	30,000	-
	28,408	(9,105)
Investing		
Purchase of capital assets	(4,096)	(6,035)
Increase in cash resources	5,769	37,264
Cash resources, beginning of year	48,090	10,826
Cash resources, end of year	53,859	48,090

The accompanying notes are an integral part of these financial statements

Sioux Lookout Golf & Curling Club

Notes to the Financial Statements

For the year ended September 30, 2020

1. General

The Sioux Lookout Golf & Curling Club (the "Club") is a not-for-profit recreational organization incorporated without share capital under the laws of Ontario to provide golf and curling facilities in Sioux Lookout, Ontario. The Club is exempt from income tax.

2. Change in accounting policy

Capital Assets Held by Not-for-Profit Organizations

Effective October 1, 2019, the Club adopted the Accounting Standard Board's (AcSB) new accounting standards improvements for not-for-profit organizations related to capital assets under Section 4433 *Tangible Assets Held by Not-for-Profit Organizations*. Applying this new Section results in changes to the determination of impairment and write-downs of capital assets and allows for the recognition of partial impairments of these assets.

There was no material impact on the financial statements from the application of the new accounting recommendations.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

The Club's policy is to disclose cash on hand and balances with banks, including temporary bank indebtedness that regularly fluctuates between overdraft and positive, under cash and cash equivalents.

Inventory

Inventories consisting of Pro Shop clothing, equipment and other items, beer, liquor, cigarettes, pop and chips are stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Land held for development

Land held for development is recorded at the lower of cost and estimated net realizable value. The Club applies a recoverability test on its land held for development. An impairment loss is recognized to the extent that the carrying value of the unsold lots exceeds the fair value of the lots. Cost includes land acquisition costs, other direct costs of development and construction, interest on debt used to finance specific projects, property taxes and legal costs. Land acquisition costs are prorated on an acreage basis.

At the time a lot sale is made, any remaining estimated servicing and development costs in respect of the sold lot are recorded as costs of sale and a liability is classified as accrued cost to complete land under development.

Sioux Lookout Golf & Curling Club
Notes to the Financial Statements
For the year ended September 30, 2020

3. **Significant accounting policies** (Continued from previous page)

Capital assets

Land and buildings are recorded at cost. Normal maintenance and repair expenditures are expensed as incurred.

Land improvements to fairway drainage systems are recorded at cost. Normal maintenance on tees, traps and fairways are expensed as incurred.

Property and equipment are recorded at cost. Provisions for amortization of property and equipment are computed on the declining balance or straight-line basis at the rates set out below from the date the asset is put into use. It is expected these procedures will charge earnings with the cost of the property and equipment over their estimated useful lives. Any gain or loss on disposal of individual assets is recognized in earnings in the year of disposal. Normal maintenance and repair expenditures are expensed in the year incurred.

	Method	Rate
Buildings	declining balance	2 %
Warehouse equipment	declining balance	20 %
Computer equipment and software	declining balance	20-30 %
Furniture and fixtures	declining balance	20 %
Operating equipment	straight-line	20 years
Paved surfaces	declining balance	10 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Club determines that a long-lived asset no longer has any long-term service potential to the Club, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations and changes in net assets. Write-downs are not reversed.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible assets, and whereby its fulfillment is dependent on the use of the specific tangible assets. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible assets; or
- there is a substantial physical change to the specified tangible assets.

3. Significant accounting policies (Continued from previous page)

Financial instruments

The Club recognizes its financial instruments when the Club becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook 4460 *Related Party Transactions* (refer to Note 13).

At initial recognition, the Club may irrevocably elect to subsequently measure any financial instrument at fair value. The Club has not made such an election during the year.

The Club subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Club's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Impairment

The Club assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Club determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Club reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Club reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

Revenue recognition

The Club follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Club recognizes revenue, including golf and curling fees, when service is rendered, the amount of revenue is measurable and collectability is reasonably assured. Specifically, revenue is recognized as follows:

Pro Shop and beverage revenue is recognized when goods and services have been provided to customers.

Initiation fees charged to applicants for memberships are recognized when received.

Membership fees are non-refundable and are recognized as revenue in the year of entitlement on a proportionate basis over the respective year.

Donation revenue is recognized when received.

Lot and land sales are recognized when the Club has substantially performed and supplied all of the agreed-to services pertaining to the property and the Club has received a non-refundable deposit from the purchaser.

Deposits received from purchasers upon signing of contracts for purchases of lots on which revenue recognition criteria have not been met are recorded as customer deposits.

Sioux Lookout Golf & Curling Club
Notes to the Financial Statements
For the year ended September 30, 2020

3. Significant accounting policies (Continued from previous page)

Deferred capital contributions

Deferred capital contributions represent the unamortized portion of restricted contributions that were used to purchase the Club's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Measurement uncertainty (use of estimates)

The preparation of financial statements in accordance with Canadian accounting principles for not-for-profit organizations 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 related reported amounts of revenue and expenses during the reporting period.

Accounts and other receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Provisions are made for slow moving, stale-dated and obsolete inventory.

Land held for development is stated at the lower of cost and net realizable value.

Amortization of capital assets and deferred capital contributions are based on the estimated useful lives of capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Deferred revenue is estimated based on management's review of the revenue received, but unspent at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Contributed materials and services

The Club would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. As these services would not otherwise be purchased by the Club, contributed services are not recognized in the financial statements. Contributed materials that would otherwise be purchased by the Club are recorded to deferred capital contributions and are recognized as revenue when the related capital assets are amortized.

4. Inventory

Inventory consists of the following:

	2020	2019
Pro Shop	355	3,289
Beer	2,966	2,910
Liquor	3,608	8,230
Pop and chips	682	1,886
	7,611	16,315

The cost of inventories recognized as an expense and included in Pro Shop and Beverage cost of sales amounted to \$69,674 (2019 - \$74,023).

Sioux Lookout Golf & Curling Club Notes to the Financial Statements

For the year ended September 30, 2020

5. Capital assets

		<i>Accumulated</i>	<i>2020</i>	<i>2019</i>
	<i>Cost</i>	<i>amortization</i>	<i>Net book</i>	<i>Net book</i>
			<i>value</i>	<i>value</i>
Land	447,178	-	447,178	447,178
Buildings	457,327	201,182	256,145	261,372
Computer equipment	2,857	2,083	774	256
Computer software	3,222	3,219	3	5
Warehouse equipment	9,846	5,138	4,708	2,577
Furniture and fixtures	31,765	30,591	1,174	1,468
Operating equipment	508,520	373,446	135,074	143,291
Paved surfaces	4,800	3,227	1,573	1,966
	1,465,515	618,886	846,629	858,113

6. Credit facilities

The Club has available an operating line of credit to a maximum of \$100,000 incurring interest at CIBC's prime lending rate plus 1.5% (3.95% at September 30, 2020), secured by a general security agreement, a mortgage over land and building and a guarantee provided by Patricia Area Community Endeavours.

7. Deferred revenue

Deferred revenue represents Club dues, fees and funding relating to future years, paid in advance.

	<i>2020</i>	<i>2019</i>
Balance, beginning of year	5,038	5,038
Balance, end of year	5,038	5,038

8. Capital lease obligation

Capital lease obligation consists of the following:

	<i>2020</i>	<i>2019</i>
Mascotto's Marine Ltd. capital lease obligation, repaid during the year.	-	1,592
Less: current portion	-	1,592
	-	-

Sioux Lookout Golf & Curling Club
Notes to the Financial Statements
For the year ended September 30, 2020

9. Promissory notes payable

Promissory notes payable consist of the following:

	<i>2020</i>	<i>2019</i>
Promissory note payable, unsecured, due on demand, maturing September 1, 2021. In lieu of interest, the holder of the note payable will receive a specified golf package.	50,000	50,000
Promissory note payable to a related party serving as a Director, a specified golf package received in lieu, unsecured, due on demand, maturing December 22, 2020, with annual interest only payments at 2.6% per annum.	25,000	25,000
	75,000	75,000

In exchange for the interest, the above have received memberships valued at fair market value of the interest foregone. During the year these transactions totalled \$2,112 (2019 - \$2,020) and were recorded in the statement of operations and changes in net assets.

10. Deferred capital contributions

Deferred capital contributions related to the purchase of capital assets represent externally restricted funds received to purchase a mower, ice-plant condenser, bar cart and an integrated computer system for the Club. The changes in deferred capital contributions for the year are as follows:

	<i>2020</i>	<i>2019</i>
Balance, beginning of year	24,100	27,225
Amount received during the year	5,000	-
Less: amounts recognized as revenue during the year	(3,934)	(3,125)
Balance, end of year	25,166	24,100

11. Long-term debt

Long-term debt consists of the following:

	<i>2020</i>	<i>2019</i>
CIBC Canada Emergency Business Account revolving credit line, to a maximum of \$40,000. The loan is unsecured and non-interest bearing with no required repayment until December 2022. Any unpaid balance at December 31, 2022 will be converted to a three year term loan at 5% interest, payable monthly.	30,000	-

12. Government assistance

Canada Emergency Business Account ("CEBA")

On May 4, 2020, the Club was approved for \$40,000 line of credit with CIBC under the CEBA program funded by the Government of Canada. Under the terms of the program, the government will forgive 25% of the loan advanced if that the remaining balance of the loan (75%) is repaid on or before December 31, 2022 and if the funds from the loan were used exclusively to pay non-deferrable operating expenses. The forgivable portion (\$10,000) has been recorded as government assistance in other income, with the balance recorded in long-term debt (see Note 11). In the event that the conditions for the forgiveness are not fulfilled, the Club is liable to repay the forgiven amount. The Club anticipates that they will fulfill the conditions and that no repayment of the forgivable portion will be necessary.

Canada Emergency Wage Subsidy ("CEWS")

In response to the negative economic impact of COVID-19, the Government of Canada announced the CEWS program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. This subsidy is retroactive to March 15, 2020. The qualification and application of the CEWS is being assessed over multiple four-week application period segments.

The Club determined that it qualifies for this subsidy and has applied for \$5,193 in assistance relating to periods between March and August. This grant has been recorded as government assistance in other income. The Club intends to continue to apply for the CEWS in subsequent application periods subject to continuing to meet the application qualification criteria.

Canada Emergency Commercial Rent Assistance ("CECRA")

The Canada Emergency Commercial Rent Assistance program ("CECRA") offers a forgivable loan to voluntary eligible landlords with eligible tenants to reduce rent for their tenant and meet the operating expenses on their commercial property for the months of April to September 2020.

The program is provided through CMHC, MCAP and FTC. This forgivable loan will lower rent by 75% for eligible small business that have been impacted by COVID-19 and will prevent them from being evicted.

The Club, along with its tenant, have determined that it qualifies for this program and has applied for \$5,250 in assistance relating to the period between April to July. This forgivable loan has been recorded as government assistance in other income. In the event that the conditions for the forgiveness are not fulfilled, the Club is liable to repay the forgiven amount. The Club anticipates that they will fulfill the conditions and that no repayment of the forgivable portion will be necessary.

13. Related party transactions

Included in capital assets reported in the statement of financial position is a donation of \$5,000 (2019 - \$Nil) from a Director of the Club. The asset was recorded at the exchange amount which is the amount of consideration established and agreed to by the related party.

Sioux Lookout Golf & Curling Club

Notes to the Financial Statements

For the year ended September 30, 2020

14. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Club is a going concern and thus expects to fully repay the outstanding amounts.

Liquidity risk

Liquidity risk is the risk that the Club will encounter difficulty in meeting obligations associated with financial liabilities. The Club enters into transactions to purchase goods and services on credit and to borrow funds from financial institutions or other creditors, for which repayment is required at various maturity dates.

Interest rate 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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Club is exposed to interest rate cash flow risk due to the variable rate interest on their line of credit. Changes in the lending rates may cause fluctuations in cash flows and interest expense. The Club is exposed to interest rate price risk due to the fixed interest rates on their promissory notes payable, capital lease obligation and long-term debt. In the opinion of management the interest rate risk exposure to the Club is low and is not material.

15. Contingencies

A portion of the Club's net assets include surpluses or deficits from funds received from various agencies. Such surpluses or deficits may be subject to recovery or repayment by the contributing agencies, depending on the terms and conditions of the relevant contribution agreements. These potential liabilities or recoveries are not recorded until they become payable or recoverable.

16. Uncertainty with respect to COVID-19

Beginning in March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Club as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which will negatively impact the Club's business and financial condition.

17. Subsequent event

The Club sold three lots (lots 6, 7 and 9) which have a carrying value of \$102,805 and are included in Land held for development. The planned sale will be effective December 11, 2020, for expected proceeds of \$193,000.

Sioux Lookout Golf & Curling Club
Schedule 1 - Schedule of Pro Shop and Beverage

For the year ended September 30, 2020

	2020	2019
Sales		
Pro Shop	10,305	8,829
Beer	59,474	67,686
Liquor	51,284	54,857
Pop and chips	10,774	9,403
	131,837	140,775
Cost of sales	69,674	74,023
	62,163	66,752
