

**NEWPORT YACHT CLUB - STONEY CREEK INC.**

**Financial Statements**

**Year Ended September 30, 2017**

*(Unaudited)*

**NEWPORT YACHT CLUB - STONEY CREEK INC.**

**Index to Financial Statements  
Year Ended September 30, 2017**

*(Unaudited)*

---

	Page
REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 9

---

**REVIEW ENGAGEMENT REPORT**

---

To the Members of Newport Yacht Club - Stoney Creek Inc.

We have reviewed the statement of financial position of Newport Yacht Club - Stoney Creek Inc. as at September 30, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Club.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Burlington, Ontario  
October 30, 2017



Deeth & Co. LLP  
Chartered Accountants  
Licensed Public Accountants

**NEWPORT YACHT CLUB - STONEY CREEK INC.**



**Statement of Financial Position**

**September 30, 2017**

*(Unaudited)*

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and equivalents	\$ 63,089	\$ 160,921
Term deposit <i>(Note 4)</i>	381,649	-
Accounts receivable	4,142	1,137
Inventory <i>(Note 2)</i>	2,567	2,712
Prepaid expenses	3,083	2,827
Harmonized sales tax recoverable	337	-
	<u>454,867</u>	167,597
PROPERTY, PLANT AND EQUIPMENT <i>(Note 5)</i>	469,871	485,483
SECURITY DEPOSIT	3,200	3,200
	<u>\$ 927,938</u>	<u>\$ 656,280</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 17,140	\$ 30,806
Current portion of long term debt <i>(Notes 6, 10)</i>	25,570	10,000
Current portion of exclusive mooring rights <i>(Notes 7, 10)</i>	31,405	42,521
Deferred income	7,614	3,803
Employee deductions payable	707	591
Harmonized sales tax payable	-	791
	<u>82,436</u>	88,512
OTHER LONG TERM LIABILITIES <i>(Note 8)</i>	9,304	18,609
LONG TERM DEBT <i>(Notes 6, 10)</i>	463,776	205,000
EXCLUSIVE MOORING RIGHTS - MEMBER LOANS <i>(Notes 7, 10)</i>	408,138	432,233
	<u>963,654</u>	744,354
NET ASSETS	<u>(35,716)</u>	(88,074)
	<u>\$ 927,938</u>	<u>\$ 656,280</u>

**ON BEHALF OF THE BOARD**

 Commodore  
 Treasurer

See notes to financial statements

**NEWPORT YACHT CLUB - STONEY CREEK INC.****Statement of Revenues and Expenditures****Year Ended September 30, 2017***(Unaudited)*

	2017	2016
<b>TRADE SALES</b>		
Dock rental	\$ 184,914	\$ 176,682
Membership fees	29,350	28,438
Social Committee	14,502	18,809
Regatta	8,474	16,099
Winter storage	5,643	1,144
Initiation fees	5,229	5,500
Miscellaneous revenue	3,548	6,329
Interest income	1,754	222
Member donation	-	141
	<u>253,414</u>	<u>253,364</u>
<b>EXPENSES</b>		
Dredging	47,911	44,717
Utilities	23,920	32,175
Amortization	15,612	15,611
Interest on long term debt	14,366	12,320
Salaries and wages	14,002	17,605
Professional fees	13,115	9,755
Property taxes	11,631	11,178
New member incentive	11,300	10,250
Insurance	9,192	9,850
Social Committee	9,080	15,558
Repairs and maintenance	8,850	8,074
Regattas and Poker Run	6,520	8,703
Advertising and promotion	5,644	2,052
Supplies	4,566	4,209
Security	2,033	1,267
Bank charges	1,222	82
Telephone	936	2,282
Membership fees	599	1,041
Office and miscellaneous	557	253
Bad debts	-	85
Sub-contracts	-	1,550
	<u>201,056</u>	<u>208,617</u>
<b>EXCESS OF TRADE SALES OVER EXPENSES FROM OPERATIONS</b>	<b>52,358</b>	<b>44,747</b>
<b>OTHER EXPENSES (Note 8)</b>	<b>-</b>	<b>27,913</b>
<b>EXCESS OF TRADE SALES OVER EXPENSES</b>	<b>\$ 52,358</b>	<b>\$ 16,834</b>

See notes to financial statements

**NEWPORT YACHT CLUB - STONEY CREEK INC.**

**Statement of Changes in Net Assets**

**Year Ended September 30, 2017**

*(Unaudited)*

	General Fund	Restricted Fund	2017	2016
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (88,074)	\$ -	\$ (88,074)	\$ (104,908)
<b>EXCESS OF TRADE SALES OVER EXPENSES</b>	52,358	-	52,358	16,834
<b>NET ASSETS - END OF YEAR</b>	\$ (35,716)	\$ -	\$ (35,716)	\$ (88,074)

See notes to financial statements

**NEWPORT YACHT CLUB - STONEY CREEK INC.****Statement of Cash Flow**  
**Year Ended September 30, 2017***(Unaudited)*

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of trade sales over expenses	\$ 52,358	\$ 16,834
Item not affecting cash:		
Amortization of property, plant and equipment	15,612	15,611
	<u>67,970</u>	<u>32,445</u>
Changes in non-cash working capital:		
Accounts receivable	(3,005)	(991)
Inventory	145	590
Accounts payable and accrued liabilities	(13,667)	10,917
Deferred income	3,811	200
Prepaid expenses	(256)	(2,827)
Harmonized sales tax payable	(1,128)	1,413
Employee deductions payable	116	591
	<u>(13,984)</u>	<u>9,893</u>
Cash flow from operating activities	<u>53,986</u>	<u>42,338</u>
<b>FINANCING ACTIVITIES</b>		
Exclusive mooring rights - member loans	(35,210)	(4,888)
Other long term liabilities	(9,305)	18,609
Proceeds from long term financing	500,000	-
Repayment of long term debt	(225,654)	(31,000)
Cash flow from (used by) financing activities	<u>229,831</u>	<u>(17,279)</u>
<b>INCREASE IN CASH FLOW</b>	<b>283,817</b>	<b>25,059</b>
Cash - beginning of year	<u>160,921</u>	<u>135,862</u>
<b>CASH - END OF YEAR</b>	<b>\$ 444,738</b>	<b>\$ 160,921</b>
<b>CASH CONSISTS OF:</b>		
Cash and equivalents	\$ 63,089	\$ 160,921
Term deposits	<u>381,649</u>	<u>-</u>
	<b>\$ 444,738</b>	<b>\$ 160,921</b>

See notes to financial statements

**NEWPORT YACHT CLUB - STONEY CREEK INC.**

**Notes to Financial Statements  
Year Ended September 30, 2017  
(Unaudited)**

---

**1. PURPOSE OF THE CLUB**

Newport Yacht Club - Stoney Creek Inc. was incorporated provincially under the Not-for-profit Corporations Act of Ontario on November 9, 2011.

The Club operates to provide social and recreational facilities for its members.

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

**Cash and cash equivalents**

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of one hundred days.

**Inventory**

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

**Property, plant and equipment**

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Land and water rights		non-depreciable
Dock installations	10 years	straight-line method
Tent	10 years	straight-line method
Fencing	10 years	straight-line method

The Club regularly reviews its property, plant and equipment to eliminate obsolete items.

**Financial instruments**

The Club initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Club subsequently measures all its financial assets and liabilities at amortized cost. Financial assets measured at amortized cost include cash and equivalents, accounts receivable, harmonized sales tax recoverable and the security deposit. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, employee deductions payable, harmonized sales tax payable, long term debt and exclusive mooring rights - member loans.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in net income.

*(continues)*

---



**NEWPORT YACHT CLUB - STONEY CREEK INC.**

**Notes to Financial Statements**  
**Year Ended September 30, 2017**  
*(Unaudited)*

---

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Revenue recognition

The Club recognizes revenues as follows:

- initiation fees are recognized as revenue upon acceptance into membership.
- membership fees are recognized in the period in which the related service is provided.
- other sources of revenue are recognized in the period in which they are earned and when collection is reasonably assured.

Contributed services

The Club is dependent upon the voluntary services of its members. No provision has been made for services contributed by individual volunteers as the value of such services cannot be reasonably measured.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. The principal estimates used in these financial statements are the allowance for doubtful accounts, accrued liabilities, deferred income, estimated useful lives of property, plant and equipment and provision for inventory obsolescence. Actual results could differ from these estimates.

---

3. **MEASUREMENT UNCERTAINTY**

In the normal course of the Club's operations, the Club has been required to incur costs to dredge the floor of the lake in the area surrounding water access from the Club into Lake Ontario.

In the first three seasons of operation, Newport Yacht Club had to dredge large quantities to remove years of built up sediment. During the 2015 through 2017 season, the Club only had to perform a minor "clean up" of the entrance.

The weather and wave action will always have an impact on future dredging. However, it is impossible to forecast accurately, and therefore no further accrual for future costs has been made to these financial statements. The Club does anticipate that some amount of dredging may be required every year.

---

4. **TERM DEPOSIT**

	<u>2017</u>	<u>2016</u>
Bank of Nova Scotia GIC, interest rate 1.1%, maturing May 9, 2018.	<u>\$ 381,649</u>	<u>\$ -</u>
	<u>\$ 381,649</u>	<u>\$ -</u>

---

**NEWPORT YACHT CLUB - STONEY CREEK INC.**

**Notes to Financial Statements**

**Year Ended September 30, 2017**

*(Unaudited)*

**5. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land and water rights	\$ 400,339	\$ -	\$ 400,339	\$ 400,339
Dock installations	108,027	63,211	44,816	55,619
Tent	15,485	7,068	8,417	9,966
Fencing	32,599	16,300	16,299	19,559
	<u>\$ 556,450</u>	<u>\$ 86,579</u>	<u>\$ 469,871</u>	<u>\$ 485,483</u>

**6. LONG TERM DEBT**

	2017	2016
TD Mortgage loan bearing interest at 3.9% compounded monthly, repayable in monthly blended payments of \$3,664. The loan matures on April 25, 2032.	\$ 489,346	\$ -
Founder Facility loan bearing interest at TD bank prime plus 3% per annum interest only paid annually. The loan matures on December 31, 2018 and is secured by A GSA over all of the club assets..	-	205,000
Fence Loans bearing interest at TD bank prime per annum, interest only paid annually. The loans are unsecured and mature on December 31, 2016	-	10,000
	<u>489,346</u>	<u>215,000</u>
Amounts payable within one year	<u>(25,570)</u>	<u>(10,000)</u>
	<u>\$ 463,776</u>	<u>\$ 205,000</u>

**7. EXCLUSIVE MOORING RIGHTS - MEMBER LOANS**

The amounts due to exclusive mooring rights (EMRs) members are non-interest bearing and unsecured. Amounts are repaid to members over a two year period upon the EMR ceasing to be a member or by giving notice to surrender the exclusive mooring rights back to the Club. The current portion is amounts owing to EMRs over the next 12 months.

**8. OTHER EXPENSE**

During the 2016 fiscal year, Horizon Utilities determined they had undercharged for water usage for the years 2012, 2013 and 2014. A one time charge of \$27,913 was therefore applied to the Club. Horizon Utilities has agreed to a three year payment term of \$1,551 every two months starting October 31, 2016 and ending August 31, 2019.

# NEWPORT YACHT CLUB - STONEY CREEK INC.

## Notes to Financial Statements Year Ended September 30, 2017 (Unaudited)

---

### 9. FINANCIAL INSTRUMENTS

The Club is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Club's risk exposure and concentration as of September 30, 2017.

#### *(a) Credit risk*

The Club is exposed to credit risk in the event of default by counter parties in connection with Club members. The Club does not obtain collateral or other security to support the accounts receivable and EMR loans subject to credit risk but mitigates this risk by dealing directly with members determined to be financially sound counterparties and, accordingly, does not anticipate significant write-offs.

#### *(b) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Club is exposed to liquidity risk through its debts and obligations. To ensure the Club is able to fund its obligations as they come due, it maintains accessible sources of liquidity by maintaining cash reserves and available financing from the Club's members and founders.

#### *(c) Interest rate risk*

Interest rate risk is the risk that the value of the long term debt might be adversely affected by a change in the interest rates. The Club is exposed to interest rate risk primarily through its variable rate long term debt which is tied to bank prime interest rates. The Club has not entered into any derivative agreements to mitigate or manage this risk.

Unless otherwise noted, it is management's opinion that the Club is not exposed to significant currency or other price risks arising from these financial instruments.

---

### 10. RELATED PARTY TRANSACTIONS

#### Long term debt – founder facility loans

At the inception of Newport Yacht Club – Stoney Creek Inc., \$250,000 was advanced by way of long term debt by seven individuals. The balance outstanding is \$nil as of September 30, 2017.

#### Long term debt - fence loans

During the 2013 fiscal year, \$25,000 was advanced by way of long term debt by five individuals in connection with fencing which was installed around the property. During the 2015 fiscal year, \$5,000 was donated to the club by one of these individuals and two other individuals were repaid. The balance outstanding is \$nil as of September 30, 2017.

#### Exclusive mooring rights – member loans (EMRs)

EMRs are loans made by members to the Club and are for the exclusive right to use a slip at the Club. In addition, members with EMRs receive a reduced dock rental fee.

These transactions are in the normal course of operations and are recorded at the exchange amount. The exchange amount is the amount of consideration established and agreed to by the related parties.

---