

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

**Financial Statements**

**Year Ended September 30, 2021**

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

**Index to Financial Statements  
Year Ended September 30, 2021**

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

We have reviewed the accompanying financial statements of Newport Yacht Club - Stoney Creek Inc. (the Club) that comprise the statement of financial position as at September 30, 2021, and the statements of revenues and expenditures, 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 (ASNPO), 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.

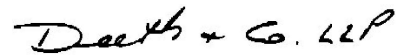
A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical 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 Newport Yacht Club - Stoney Creek Inc. as at September 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Burlington, Ontario  
November 15, 2021



Deeth & Co. LLP  
Chartered Professional Accountants  
Licensed Public Accountants

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

**Statement of Financial Position**

**September 30, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and equivalents	\$ 219,155	\$ 91,068
Term deposits <i>(Note 4)</i>	357,942	353,000
Trade accounts receivable <i>(Note 5)</i>	2,113	2,367
Inventory	5,321	3,141
Interest receivable	1,514	4,644
Harmonized sales tax recoverable	3,478	21,831
Prepaid expenses	-	3,417
	589,523	479,468
PROPERTY, PLANT AND EQUIPMENT <i>(Note 6)</i>	767,813	772,796
	\$ 1,357,336	\$ 1,252,264
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Trade accounts payable and accrued liabilities	\$ 23,844	\$ 4,125
Current portion of mortgage payable <i>(Note 8)</i>	399,252	321,912
Employee deductions payable	1,466	1,109
Deferred income	3,770	10,751
Current portion of exclusive mooring rights <i>(Note 9)</i>	26,345	28,662
	454,677	366,559
LONG TERM DEBT <i>(Note 8)</i>	260,624	381,704
EXCLUSIVE MOORING RIGHTS - MEMBER LOANS <i>(Note 9)</i>	254,353	281,553
	969,654	1,029,816
NET ASSETS		
General fund	387,682	222,448
	\$ 1,357,336	\$ 1,252,264

**ON BEHALF OF THE BOARD**

Zena Thomas *Commodore*

Peter Belanger *Treasurer*

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

**Statement of Revenues and Expenditures**

**Year Ended September 30, 2021**

	2021	2020
<b>TRADE SALES</b>		
Dock rental	\$ 326,282	\$ 216,075
Membership fees	67,736	51,031
Miscellaneous revenue	22,495	7,569
Initiation fees	18,825	13,800
Social committee	6,204	560
Winter storage	5,066	3,151
Interest Income	1,812	4,654
Member donation	152	1,981
	<u>448,572</u>	<u>298,821</u>
<b>EXPENSES</b>		
Repairs and maintenance	68,599	45,432
Amortization	56,875	37,720
Utilities	23,774	18,954
Salaries and wages	22,797	16,433
Interest on long term debt	22,792	21,240
Dredging ( <i>Note 3</i> )	19,219	1,366
Insurance	15,890	9,823
Property taxes	13,387	12,903
Bad debts (recovery)	7,953	(2,523)
Supplies	6,430	4,131
Professional fees	4,983	10,074
Advertising and promotion	4,833	5,758
Membership committee	4,501	988
Social committee	4,064	329
Telephone	4,046	2,696
Bank charges	2,343	1,794
Slip rental	1,712	-
Security	578	1,205
Office and miscellaneous	374	3,449
Exchange (gain)	(1,812)	-
	<u>283,338</u>	<u>191,772</u>
<b>EXCESS OF TRADE SALES OVER EXPENSES FROM OPERATIONS</b>	<b>165,234</b>	<b>107,049</b>
<b>OTHER INCOME</b>		
Loss on disposal of property, plant and equipment	-	(1,280)
<b>EXCESS OF TRADE SALES OVER EXPENSES</b>	<b>\$ 165,234</b>	<b>\$ 105,769</b>

See notes to financial statements

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

**Statement of Changes in Net Assets**

**Year Ended September 30, 2021**

	General Fund	Restricted Fund	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 222,448	\$ -	\$ 222,448	\$ 116,679
EXCESS OF TRADE SALES OVER EXPENSES	165,234	-	165,234	105,769
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 387,682</u>	<u>\$ -</u>	<u>\$ 387,682</u>	<u>\$ 222,448</u>

See notes to financial statements

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

**Statement of Cash Flows**

**Year Ended September 30, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of trade sales over expenses	\$ 165,234	\$ 105,769
Items not affecting cash:		
Amortization of property, plant and equipment	56,875	37,720
Loss on disposal of property, plant and equipment	-	1,280
	<u>222,109</u>	<u>144,769</u>
Changes in non-cash working capital:		
Trade accounts receivable	254	2,928
Interest receivable	3,130	(782)
Inventory	(2,180)	(310)
Trade accounts payable and accrued liabilities	19,718	(15,293)
Deferred income	(6,981)	7,851
Prepaid expenses	3,417	(255)
Harmonized sales tax payable	18,353	(20,378)
Security deposit	-	3,200
Employee deductions payable	357	1,109
	<u>36,068</u>	<u>(21,930)</u>
Cash flow from operating activities	<u>258,177</u>	<u>122,839</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(52,491)	(318,955)
Proceeds on disposal of property, plant and equipment	600	-
Cash flow used by investing activities	<u>(51,891)</u>	<u>(318,955)</u>
<b>FINANCING ACTIVITIES</b>		
Exclusive mooring rights - member loans	(29,517)	(46,343)
Proceeds from long term financing	-	300,000
Repayment of long term debt	(43,740)	(34,026)
Cash flow from (used by) financing activities	<u>(73,257)</u>	<u>219,631</u>
<b>INCREASE IN CASH FLOW</b>	<b>133,029</b>	<b>23,515</b>
Cash - beginning of year	<u>444,068</u>	<u>420,553</u>
<b>CASH - END OF YEAR</b>	<b>\$ 577,097</b>	<b>\$ 444,068</b>
<b>CASH CONSISTS OF:</b>		
Cash and equivalents	\$ 219,155	\$ 91,068
Term deposits	<u>357,942</u>	<u>353,000</u>
	<u>\$ 577,097</u>	<u>\$ 444,068</u>

See notes to financial statements

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

**Notes to Financial Statements**

**Year Ended September 30, 2021**

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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.

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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 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 less than one year.

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 at the following rates and methods:

Land and water rights		non-depreciable
Dredger	10 years	straight-line method
Dock installations	10 years	straight-line method
Buildings	10 years	straight-line method
Tent	10 years	straight-line method
Fencing	10 years	straight-line method
Parking Lot	10 years	straight-line method
Wireless network cabling	10 years	straight-line method
Equipment	10 years	straight-line method
Club boats	10 years	straight-line method

The Club regularly reviews its property, plant and equipment to eliminate obsolete items. Amortization in the year of acquisition is recorded at one-half the normal rate for items amortized using the straight-line method.

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# NEWPORT YACHT CLUB - STONEY CREEK INC.

## Notes to Financial Statements Year Ended September 30, 2021

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

#### 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, term deposits, trade accounts receivable, interest receivable, and government remittances recoverable.. Financial liabilities measured at amortized cost include trade accounts payable and accrued liabilities, mortgage payable 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.

#### 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, accruals, deferred income, estimated useful lives of property, plant and equipment and the provision for inventory obsolescence. Actual results could differ from these estimates.

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### 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.

The club owns dredging equipment in an effort to better control the cost of dredging.

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.

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

**Notes to Financial Statements**

**Year Ended September 30, 2021**

4. MARKETABLE SECURITIES

On October 21, 2020 the club signed a one year cashable GIC in the amount of \$357,942 (2020 - \$353,000) earning interest at 0.45% (2019 - 1.41%). The GIC matured on October 21, 2021.

5. ACCOUNTS RECEIVABLE

	2021	2020
Accounts Receivable	\$ 10,057	\$ 2,367
Allowance of Doubtful Account	(7,944)	-
	\$ 2,113	\$ 2,367

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land and water rights	\$ 400,339	\$ -	\$ 400,339	\$ 400,339
Dredger	185,095	27,106	157,989	169,585
Dock installations	132,331	116,143	16,188	29,421
Buildings	114,415	19,511	94,904	106,945
Tent	35,010	16,872	18,138	21,639
Fencing	32,599	29,339	3,260	6,520
Parking Lot	43,810	4,572	39,238	22,619
Wireless network cabling	9,445	3,306	6,139	7,084
Equipment	18,942	1,537	17,405	5,607
Club boats	16,917	2,704	14,213	3,037
	\$ 988,903	\$ 221,090	\$ 767,813	\$ 772,796

7. REVOLVING CREDIT FACILITY

The Club has a revolving credit facility with its bank up to a maximum of \$25,000 of which \$nil (2020 - \$nil) was being utilized at September 30, 2020. The credit facility bears interest at a rate of Prime plus 1.00% and is secured by first charge on real property located at 711 North Service Road, Stoney Creek, a general security agreement covering all present and acquired assets of the Club, and assignment of fire insurance.

The bank has imposed a financial covenant restricting Newport Yacht Club - Stoney Creek Inc. to maintain a debt service coverage ratio of not less than 1.25 to 1 to be maintained at all times. Management believes the Club was in compliance with all of the financial covenants set out in the bank agreement during the reporting period.

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

**Notes to Financial Statements  
Year Ended September 30, 2021**

8. LONG TERM DEBT

	<u>2021</u>	<u>2020</u>
TD Mortgage loan bearing interest at 3.869% compounded monthly, repayable in monthly blended payments of \$3,664. The loan matures on April 22, 2022 and is secured by General Security Agreement and First charge on real property located at 711 North Service Road. which has a carrying value of \$767,812.	\$ 381,506	\$ 410,115
TD Mortgage loan bearing interest at 2.122% compounded monthly, repayable in monthly blended payments of \$1,957. The loan matures on April 30, 2026 and is secured by General Security Agreement and First charge on real property located at 711 North Service Road. which has a carrying value of \$767,812.	<u>278,370</u>	<u>293,501</u>
	<b>659,876</b>	703,616
Amounts payable within one year	<u>(399,252)</u>	<u>(321,912)</u>
	<u>\$ 260,624</u>	<u>\$ 381,704</u>

Principal repayment terms are approximately:

2022	\$ 399,252
2023	18,127
2024	18,515
2025	18,912
2026	<u>205,070</u>
	<u>\$ 659,876</u>

9. 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.

10. 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, 2021.

*(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.

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

**Notes to Financial Statements**

**Year Ended September 30, 2021**

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10. FINANCIAL INSTRUMENTS *(continued)*

***(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 excess cash and equivalents and term deposits, an unused revolving credit facility and available financing from the Club's members.

***(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 revolving credit facility and mortgage payable 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.

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11. RELATED PARTY TRANSACTIONS

**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.

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12. SUBSEQUENT EVENTS

Subsequent to September 30, 2021, the following activity occurred:

- a) On October 21, 2021 the club signed a 3 month cashable GIC in the amount of \$359,553 earning interest at 0.30%.
  - b) The club members have given approval to the Board of Directors to invest in a pool and supporting structure. The estimated cost is \$300,000. Site plans have been submitted to the City of Hamilton and the club is currently awaiting approval. The club has set aside funds for this project in the form of a GIC.
  - c) The marina basin wall and its integrity are of concern to the club. Following the year end the steel walls of the marina basin were inspected and the club is awaiting the final report. No estimate on future repairs or costs are available until the club receives the final report from the engineering firm.
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**NEWPORT YACHT CLUB - STONEY CREEK INC.**

**Notes to Financial Statements**

**Year Ended September 30, 2021**

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13. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The Board of Directors are uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Club's operations as at the date of these financial statements.

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