

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

**Financial Statements**

**For the Year Ended September 30, 2022**

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

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Year Ended September 30, 2022**

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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 organization) that comprise the statement of financial position as at September 30, 2022, 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.

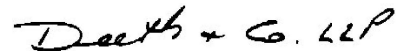
A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Burlington, Ontario  
November 21, 2022

  
Deeth & Co. LLP  
Chartered Professional Accountants  
Licensed Public Accountants

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

**Statement of Financial Position**

**As at September 30, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and equivalents	\$ 357,439	\$ 219,155
Term deposits (Note 4)	359,825	357,942
Trade accounts receivable (Note 5)	1,346	2,113
Inventory	8,489	5,321
Interest receivable	1,980	1,514
Harmonized sales tax recoverable	7,953	3,478
	<u>737,032</u>	589,523
PROPERTY, PLANT AND EQUIPMENT (Note 6)	<u>725,017</u>	767,813
	<u>\$ 1,462,049</u>	\$ 1,357,336
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Trade accounts payable and accrued liabilities	\$ 8,849	\$ 23,844
Current portion of mortgage payable (Note 8)	46,868	399,252
Employee deductions payable	-	1,466
Deferred income	10,954	3,770
Current portion of exclusive mooring rights (Note 9)	24,830	26,345
	<u>91,501</u>	454,677
LONG TERM DEBT (Note 8)	566,417	260,624
EXCLUSIVE MOORING RIGHTS - MEMBER LOANS (Note 9)	<u>232,923</u>	254,353
	890,841	969,654
NET ASSETS		
General fund	<u>571,208</u>	387,682
	<u>\$ 1,462,049</u>	\$ 1,357,336

**ON BEHALF OF THE BOARD**

Zena Thomas Commodore

Gavin Rouble Treasurer

**NEWPORT YACHT CLUB - STONEY CREEK INC.****Statement of Revenues and Expenditures****For the Year Ended September 30, 2022**

	2022	2021
<b>TRADE SALES</b>		
Dock rental	\$ 349,851	\$ 326,282
Membership fees	65,990	67,736
Miscellaneous revenue	19,036	22,495
Initiation fees	12,800	18,825
Social committee	4,835	6,204
Winter storage	2,820	5,066
Interest Income	2,349	1,812
Member donation	-	152
	<u>457,681</u>	<u>448,572</u>
<b>EXPENSES</b>		
Repairs and maintenance	89,185	68,599
Amortization	49,530	56,875
Utilities	27,432	23,774
Interest on long term debt	22,159	22,792
Professional fees	17,992	4,983
Insurance	16,384	15,890
Property taxes	13,803	13,387
Salaries and wages	7,800	22,797
Membership committee	5,587	4,501
Sub-contracts	5,500	-
Telephone	3,950	4,046
Social committee	3,794	4,064
Advertising and promotion	3,196	4,833
Dredging ( <i>Note 3</i> )	3,021	19,219
Supplies	2,677	6,430
Bank charges	2,470	2,343
Exchange (gain)	2,057	(1,812)
Office and miscellaneous	556	374
Security	515	578
Slip rental	-	1,712
Bad debts (recovery)	(3,453)	7,953
	<u>274,155</u>	<u>283,338</u>
<b>EXCESS OF TRADE SALES OVER EXPENSES</b>	<u>\$ 183,526</u>	<u>\$ 165,234</u>

The accompanying notes are an integral part of these financial statements

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

**Statement of Changes in Net Assets**

**For the Year Ended September 30, 2022**

	General Fund	Restricted Fund	2022	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 387,682	\$ -	<b>\$ 387,682</b>	\$ 222,448
EXCESS OF TRADE SALES OVER EXPENSES	183,526	-	<b>183,526</b>	165,234
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 571,208</b>	<b>\$ -</b>	<b>\$ 571,208</b>	<b>\$ 387,682</b>

The accompanying notes are an integral part of these financial statements

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

**Statement of Cash Flows**

**For the Year Ended September 30, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of trade sales over expenses	\$ 183,526	\$ 165,234
Item not affecting cash:		
Amortization of property, plant and equipment	49,530	56,875
	<u>233,056</u>	<u>222,109</u>
Changes in non-cash working capital:		
Trade accounts receivable	767	254
Interest receivable	(466)	3,130
Inventory	(3,168)	(2,180)
Trade accounts payable and accrued liabilities	(14,995)	19,718
Deferred income	7,184	(6,981)
Prepaid expenses	-	3,417
Harmonized sales tax payable	(4,475)	18,353
Employee deductions payable	(1,466)	357
	<u>(16,619)</u>	<u>36,068</u>
Cash flow from operating activities	<u>216,437</u>	<u>258,177</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(6,735)	(52,491)
Proceeds on disposal of property, plant and equipment	-	600
Purchase of term deposits	(717,767)	(357,942)
Proceeds on maturity of term deposits	717,767	357,942
	<u>(6,735)</u>	<u>(51,891)</u>
Cash flow used by investing activities	<u>(6,735)</u>	<u>(51,891)</u>
<b>FINANCING ACTIVITIES</b>		
Exclusive mooring rights - member loans	(22,945)	(29,517)
Repayment of long term debt	(46,590)	(43,740)
	<u>(69,535)</u>	<u>(73,257)</u>
Cash flow used by financing activities	<u>(69,535)</u>	<u>(73,257)</u>
<b>INCREASE IN CASH FLOW</b>	<b>140,167</b>	<b>133,029</b>
Cash - beginning of year	<u>577,097</u>	<u>444,068</u>
<b>CASH - END OF YEAR</b>	<b><u>\$ 717,264</u></b>	<b><u>\$ 577,097</u></b>
<b>CASH CONSISTS OF:</b>		
Cash and equivalents	\$ 357,439	\$ 219,155
Term deposits	<u>359,825</u>	<u>357,942</u>
	<b><u>\$ 717,264</u></b>	<b><u>\$ 577,097</u></b>

The accompanying notes are an integral part of these financial statements

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

**Notes to Financial Statements**

**Year Ended September 30, 2022**

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1. PURPOSE OF THE ORGANIZATION

Newport Yacht Club - Stoney Creek Inc. was incorporated provincially under the Not-for-Profit Corporations Act of Ontario on November 9, 2011. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The organization 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 (ASNPO).

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 organization 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, 2022

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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 organization 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, 2022**

4. MARKETABLE SECURITIES

On January 25, 2022, the club signed a one year GIC in the amount of \$359,824.62 (2021 - \$357,942) earning interest at 0.80% (2021 - 0.45%). The GIC matures on January 25, 2023.

5. ACCOUNTS RECEIVABLE

	2022	2021
Accounts Receivable	\$ 5,837	\$ 10,057
Allowance for Doubtful Account	(4,491)	(7,944)
	\$ 1,346	\$ 2,113

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land and water rights	\$ 400,339	\$ -	\$ 400,339	\$ 400,339
Dredger	190,277	46,134	144,143	157,989
Dock installations	132,331	119,376	12,955	16,188
Buildings	114,415	30,953	83,462	94,904
Tent	35,010	20,373	14,637	18,138
Fencing	32,599	32,599	-	3,260
Parking Lot	43,810	8,953	34,857	39,238
Wireless network cabling	9,445	4,250	5,195	6,139
Equipment	20,495	3,587	16,908	17,405
Club boats	16,917	4,396	12,521	14,213
	\$ 995,638	\$ 270,621	\$ 725,017	\$ 767,813

7. REVOLVING CREDIT FACILITY

The Club has a revolving credit facility with its bank up to a maximum of \$25,000 of which \$nil (2021 - \$nil) was being utilized at September 30, 2022. 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, 2022**

8. LONG TERM DEBT

	2022	2021
TD Mortgage Term Loan #1 loan bearing interest at 5.4% compounded monthly, repayable in monthly blended payments of \$3,923. The loan matures on April 25, 2025 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.	\$ 352,661	\$ 381,506
TD Mortgage Term Loan #2 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>260,624</u>	<u>278,370</u>
Amounts payable within one year	<u>(46,868)</u>	<u>(399,252)</u>
	<u>\$ 566,417</u>	<u>\$ 260,624</u>

Principal repayment terms are approximately:

2023	\$ 46,868
2024	48,847
2025	312,501
2026	<u>205,070</u>
	<u>\$ 613,286</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 organization 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 organization's risk exposure and concentration as of September 30, 2022.

**(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, 2022**

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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 organization 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, 2022, the following activity occurred:

- a) The club members have given approval to the Board of Directors during 2021 to invest in a pool and supporting structure. The membership has approved an expenditure of \$300,000. Should the required total expenditure exceed this amount, any additional funding must be approved by the membership before proceeding with the commitment and expenditure of the excess amount. 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.
  - b) The marina basin wall and its integrity are of concern to the club. The steel walls of the marina basin were inspected and the club is currently seeking quotes to for the actual work. No estimate on future repairs or costs are available until the club receives the quote from the engineering firm.
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