

SOVEREIGN LAKE NORDIC CLUB
Compiled Financial Statements
Year Ended May 31, 2022

SOVEREIGN LAKE NORDIC CLUB
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Year Ended May 31, 2022

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ROMEI PLUMMER LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

PARTNERS

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COMPILATION ENGAGEMENT REPORT

On the basis of information provided by management, we have compiled the statement of financial position of Sovereign Lake Nordic Club as at May 31, 2022 and the statements of changes in net assets and revenues and expenditures for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial statements.

Management is responsible for the accompanying financial statements, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial statements.

We have not performed an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the statements provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial statements.

Readers are cautioned that the financial statements may not be appropriate for their purposes.

Vernon, British Columbia
July 6, 2022


CHARTERED PROFESSIONAL ACCOUNTANTS

SOVEREIGN LAKE NORDIC CLUB
Statement of Financial Position
May 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 305,530	\$ 542,062
Term deposits	25,000	75,155
Accounts receivable	17,347	21,225
GST receivable	1,796	-
Inventory	11,485	12,760
Prepaid expenses	7,926	4,734
	<u>369,084</u>	<u>655,936</u>
EQUIPMENT (Note 3)	814,024	708,566
RESTRICTED CASH (Note 4)	499,083	237,249
	<u>\$ 1,682,191</u>	<u>\$ 1,601,751</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,864	\$ 4,393
GST payable	-	7,490
Wages payable	11,138	11,187
	<u>20,002</u>	<u>23,070</u>
DEFERRED CONTRIBUTIONS (Note 5)	431,332	245,566
DEFERRED REVENUE	-	155,103
LONG TERM DEBT	49,990	69,994
	<u>501,324</u>	<u>493,733</u>
NET ASSETS		
Operating fund	379,397	507,765
Capital fund	801,453	600,236
Gaming fund	17	17
	<u>1,180,867</u>	<u>1,108,018</u>
	<u>\$ 1,682,191</u>	<u>\$ 1,601,751</u>

ON BEHALF OF THE BOARD

_____ Director
 _____ Director

See notes to financial statements

SOVEREIGN LAKE NORDIC CLUB
Statement of Changes in Net Assets
Year Ended May 31, 2022

	Operating Fund	Capital Fund	Gaming Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 507,765	\$ 600,236	\$ 17	\$ 1,108,018	\$ 1,025,324
Excess of revenues over expenses	173,109	(100,260)	-	72,849	82,694
Allocation to capital fund	(300,000)	300,000	-	-	-
Inter-fund transfers	(1,477)	1,477	-	-	-
NET ASSETS - END OF YEAR	\$ 379,397	\$ 801,453	\$ 17	\$ 1,180,867	\$ 1,108,018

SOVEREIGN LAKE NORDIC CLUB
Statement of Revenues and Expenditures
Year Ended May 31, 2022

	2022	2021
SALES	\$ 1,029,315	\$ 722,062
COST OF SALES	<u>111,381</u>	<u>58,346</u>
GROSS PROFIT	<u>917,934</u>	<u>663,716</u>
OTHER INCOME		
Donations	22,922	771
Interest	3,697	3,565
Rentals	<u>49,356</u>	<u>57,410</u>
	<u>75,975</u>	<u>61,746</u>
	<u>993,909</u>	<u>725,462</u>
EXPENSES		
Accounting fees	33,568	24,989
Advertising and promotion	8,946	7,694
Donations	1,717	2,626
Fuel	58,675	45,204
Insurance	10,835	7,021
Interest and bank charges	44,706	23,865
Interest on long term debt	3,019	3,965
Office	34,042	11,744
Professional fees	4,850	3,275
Repairs and maintenance	124,549	108,551
Salaries and wages	459,396	336,056
Security	1,038	918
Telephone	13,037	8,611
Training development	4,640	415
Utilities	<u>20,801</u>	<u>16,076</u>
	<u>823,819</u>	<u>601,010</u>
Excess of sales over expenses from operations	<u>170,090</u>	<u>124,452</u>
OTHER INCOME		
Canada Emergency Wage Subsidy	-	51,491
Deferred contribution income (Note 5)	54,747	30,696
Gain on disposal of equipment	<u>100</u>	<u>2,990</u>
	<u>54,847</u>	<u>85,177</u>
Excess of revenue over expenses before amortization	<u>224,937</u>	<u>209,629</u>
Amortization	<u>152,088</u>	<u>126,935</u>
Excess of revenue over expenses for the year	<u>\$ 72,849</u>	<u>\$ 82,694</u>

See notes to financial statements

SOVEREIGN LAKE NORDIC CLUB
Notes to Compiled Financial Statements
Year Ended May 31, 2022

1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the statement of financial position of Sovereign Lake Nordic Club as at May 31, 2022 and the statements of changes in net assets and revenues and expenditures for the year then ended is the historical cost basis and reflects cash transactions with the addition of:

- accounts receivable
- GST receivable
- inventory valued at cost
- prepaid expenses
- investments recorded at cost
- equipment amortized over their useful lives on a straight-line basis
- accounts payable and accrued liabilities
- wages payable
- grant and fundraising contributions deferred and amortized over the useful life of the related asset

2. PURPOSE OF THE SOCIETY

Sovereign Lake Nordic Club is incorporated under the Society Act in the province of British Columbia. The purpose of the Society is to promote, train, educate, develop and support cross country skiing and related activities. Also, to receive, invest, hold, spend and disburse funds and grants to hold and develop property and interest therein and to operate and maintain facilities for that purpose.

The Society is registered as a not-for-profit organization under the Income Tax Act and, accordingly, is, exempt from income taxes, provided that certain requirements of the Income Tax Act are met.

3. EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	\$ 1,187,018	\$ 420,970	\$ 766,048	\$ 642,507
Motor vehicles	18,382	15,919	2,463	6,140
Computer equipment	47,554	43,802	3,752	4,042
Rental equipment	66,763	46,427	20,336	34,768
Furniture and fixtures	324,176	302,751	21,425	21,109
	\$ 1,643,893	\$ 829,869	\$ 814,024	\$ 708,566

SOVEREIGN LAKE NORDIC CLUB
Notes to Compiled Financial Statements
Year Ended May 31, 2022

4. RESTRICTED CASH

Restricted cash consists of internally restricted cash that is for use towards capital expenditures (including the new lodge), and the gaming account, which is restricted for use for coaching wages, programs and coaching expenses. Restricted cash also includes a term deposit that matures in November 2022 and is restricted for use as security against payroll overdraft.

	2022	2021
Capital Account - General	\$ 458,751	\$ 197,232
Capital Account - Lodge	10,000	10,000
Gaming Account	17	17
Payroll Overdraft Security Account	30,315	30,000
	\$ 499,083	\$ 237,249

5. DEFERRED CONTRIBUTIONS

	2022	2021
<u>Funding for new equipment and biathlon range</u>		
Grant contributions	\$ 495,513	\$ 255,000
Fundraising contributions	51,958	51,958
Amortization of deferred contribution	(116,139)	(61,392)
	\$ 431,332	\$ 245,566

Deferred grant and fundraising contributions are amortized over the useful life of the equipment and biathlon range which is estimated to be 10 years.

6. FUNDS HELD IN TRUST

The Sovereign Lake Nordic Club is holding funds in trust in the amount of \$16,309 (2021 - \$16,006) for the Jessica Eaman Ski Scholarship Fund. These funds are not reflected in the financial statements.