

AGM 2021 - Questions:

**How much of the 2019 income is from Chase the Ace?**

Chase the Ace Revenues are restricted revenues. They are to be spent on Junior Golf. The decision was made to cover the annual membership dues and range membership for all juniors with these funds. The total funds raised were/are used in the following timeframe:

2019 \$76,246

2020 \$61,382

2021 \$42,569 (budget document – this is the balance of the funds)

**What does the \$101,940 of Grant Revenue include?**

The vast majority of the \$101,940 in grant revenue was wage subsidy (Federal Covid-19 response) except for \$2737 which was funding related to summer employment of students.

**Shouldn't the CEBA's \$10,000 forgivable portion be included in 2020's tax year. Per CRA website.**

The answer is no. This \$10,000 amount will be recognized in revenue when the condition permitting recognition is met (i.e. repayment of the loan – or at least \$30,000 of the initial \$40,000 loan). There are actually two CEBA loans taken – one for \$40,000 and another for \$20,000. So at the end of the day, there will actually be \$20,000 recognized as revenue if the loans are repaid by the prescribed dates.

**Should we be concerned about the not for profit status with our club with the profit in the last year?**

This is a technical question that will require more research and possible consultation.

**Should we have waited to take the chase the ace numbers in later years?**

The decision to take into revenues the amount relating to junior memberships and driving range was taken in 2019. The subsequent years are simply a continuation of this decision.

**Did we apply for \$20,000 CEBA which the deadline is June 30<sup>th</sup>**

Yes, the Club has applied and received a second CEBA grant of \$20,000.

**Is the roof paid for and what is the source of the funds?**

The roof replacement is being paid from the current account. The debt structure in place at the moment is a line of credit. At this time there is enough cash that it will cover the cost of the replacement. Historically there has been no assignment of long term debt for long term assets with the exception of golf carts and equipment that was acquired through capital leases.

Dear shareholders,

At the recent annual general meeting, a question was raised as to whether or not Clare Golf and Country Club was in a peril of being treated as a taxable entity because we have enjoyed two consecutive years of healthy surpluses for the year. A review of the 2020 corporate tax return (T2) indicated that Clare Golf and Country Club enjoys a tax-exempt status under section 149(1)(l) of the Income Tax Act. The exempt status is available to organizations that operate for pleasure or recreation or for any purpose other than for profit. Also, while we did have two good years, there were also significant prior year losses that were applied against the revenue calculated for tax purposes on the 2020 tax return. Historically, Clare Golf and Country Club has had results close to and on either side of breakeven. I anticipate that dynamic will once again be the norm, post covid-19.

Entities with this tax-exempt status that do generate profits generally are not in danger of losing this status as long as the profits generated are reinvested in the entity's operations. In our case, we recently replaced the roof of the Club House and have 15 new golf cars on order. The Board of directors even passed a special resolution on April 1, 1986 mandating that any profits be used solely for the benefit of the course and its operations and not for the benefit of individual shareholders or individual members.

From time to time, governments change tax law. From time to time, Revenue Canada also interprets the application of existing tax law. No one can predict what these changes or challenges will be in the future. However, for now, our tax-exempt status appears to be in line with the current tax law. The Board of Directors will continue to monitor our tax exempt status on an annual basis in the event there are any changes in tax law or interpretations to ensure our course is in compliance.

I hope this message clarifies the situation. With this response, all the questions raised at AGM have now been addressed and circulated to all those present at the AGM.

Regards,

Eric Tufts