

Waterloo Tennis Club Inc.
Financial Statements
For the year ended April 30, 2020

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Independent Auditor's Report

To the Members of Waterloo Tennis Club Inc.

Opinion

We have audited the financial statements of Waterloo Tennis Club Inc. (the Organization), which comprise the balance sheet as at April 30, 2020, the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at April 30, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
September 23, 2020

Waterloo Tennis Club Inc.
Balance Sheet

April 30 2020 2019

	Operating Fund	Capital Replacement Fund	Total	Total
Assets				
Current				
Cash (Note 2)	\$ 120,314	\$ 439,534	\$ 559,848	\$ 516,484
CEWS receivable (Note 4)	20,403	-	20,403	-
Prepaid expenses	2,124	-	2,124	8,484
Inventory	2,347	-	2,347	2,347
Interfund balances (Note 3)	(17,110)	17,110	-	-
	128,078	456,644	584,722	527,315
Tangible capital assets (Note 5)	-	287,924	287,924	308,573
	\$ 128,078	\$ 744,568	\$ 872,646	\$ 835,888

Liabilities and Fund Balances

Current				
Accounts payable and accrued liabilities (Note 6)	\$ 40,852	\$ -	\$ 40,852	\$ 40,336
Deferred revenue	79,291	-	79,291	89,509
	120,143	-	120,143	129,845
Fund balances				
Internally restricted	-	744,568	744,568	589,185
Unrestricted	7,935	-	7,935	116,858
	7,935	744,568	752,503	706,043
	\$ 128,078	\$ 744,568	\$ 872,646	\$ 835,888

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Waterloo Tennis Club Inc.
Statement of Changes in Fund Balances

For the year ended April 30	2020			2019
	Operating Fund	Capital Replacement Fund	Total	Total
Fund balances, beginning of the year	\$ 116,858	\$ 589,185	\$ 706,043	\$ 549,640
Excess (deficiency) of revenue over expenditures	91,077	(44,617)	46,460	156,403
Interfund transfer (Note 7)	(200,000)	200,000	-	-
Fund balances, end of the year	\$ 7,935	\$ 744,568	\$ 752,503	\$ 706,043

The accompanying notes are an integral part of these financial statements.

Waterloo Tennis Club Inc. Statement of Revenue and Expenditures

For the year ended April 30

2020

2019

	Budget (Unaudited)	Operating Fund	Capital Replacement Fund	Total	Total
Revenue					
Membership and locker fees	\$ 186,000	\$ 177,418	\$ -	\$ 177,418	\$ 191,372
Court and guest fees	206,500	171,712	-	171,712	197,472
Junior program	220,000	170,337	-	170,337	222,273
Lessons	150,000	117,727	-	117,727	152,639
Bar and pro shop sales	29,050	24,589	-	24,589	29,496
Parties and tennis activities	11,450	12,397	-	12,397	12,432
Rental income	4,300	4,422	-	4,422	5,215
Other income	500	1,009	2,074	3,083	981
Grant revenue	500	500	-	500	500
Donations	-	1,500	-	1,500	550
CEWS subsidy (Note 4)	-	20,403	-	20,403	-
	<u>808,300</u>	<u>702,014</u>	<u>2,074</u>	<u>704,088</u>	<u>812,930</u>
Expenditures					
Wages and benefits	427,500	393,168	-	393,168	412,473
Utilities - courts and clubhouse	63,400	46,594	-	46,594	44,661
Maintenance and utilities - bubble structure	4,500	18,871	-	18,871	18,308
Maintenance - clubhouse	21,400	30,149	-	30,149	18,477
Bar and pro shop cost of sales	26,280	13,627	-	13,627	16,525
Maintenance - courts and grounds	28,000	35,046	-	35,046	32,233
Office	19,300	19,497	-	19,497	17,726
Professional fees	7,000	8,358	-	8,358	6,750
Municipal taxes	7,500	9,669	-	9,669	7,411
Insurance	2,000	2,210	-	2,210	1,864
Advertising	4,500	2,575	-	2,575	4,077
Telephone	800	1,066	-	1,066	866
Parties and tennis activities	3,000	12,628	-	12,628	11,416
Amortization	-	-	46,691	46,691	47,440
Merchant fees and banking expenses	16,400	17,479	-	17,479	16,300
	<u>631,580</u>	<u>610,937</u>	<u>46,691</u>	<u>657,628</u>	<u>656,527</u>
Excess (deficiency) of revenue over expenditures for the year	\$ 176,720	\$ 91,077	\$ (44,617)	\$ 46,460	\$ 156,403

The accompanying notes are an integral part of these financial statements.

Waterloo Tennis Club Inc.
Statement of Cash Flows

For the year ended April 30	2020	2019
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 46,460	\$ 156,403
Item not involving cash		
Amortization of tangible capital assets	46,691	47,440
	<u>93,151</u>	<u>203,843</u>
Changes in non-cash working capital balances		
Accounts receivable	(20,403)	12,190
Prepaid expenses	6,360	(4,879)
Inventory	-	6,455
Accounts payable and accrued liabilities	516	(2,290)
Deferred revenue	(10,218)	(6,820)
	<u>(23,745)</u>	<u>4,656</u>
	69,406	208,499
Cash flows from investing activities		
Purchase of tangible capital assets	(26,042)	(9,934)
Increase in cash during the year	43,364	198,565
Cash, beginning of year	<u>516,484</u>	<u>317,919</u>
Cash, end of year	<u>\$ 559,848</u>	<u>\$ 516,484</u>

The accompanying notes are an integral part of these financial statements.

Waterloo Tennis Club Inc.

Notes to Financial Statements

April 30, 2020

1. Summary of Significant Accounting Policies

Nature of Business The organization is incorporated under the laws of Ontario without share capital and is engaged in the operation of providing tennis and clubhouse facilities for its members in Waterloo, Ontario.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

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

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset on a straight-line basis and is calculated as follows:

Equipment	- 3-15 years	straight-line basis
Fencing	- 10 years	straight-line basis
Bubble improvements	- 12 years	straight-line basis
Building improvements	- 20 years	straight-line basis
Sprinkler system	- 20 years	straight-line basis
Parking lot	- 10 years	straight-line basis

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Use of Estimates The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are required in the determination of the useful lives of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Waterloo Tennis Club Inc.
Notes to Financial Statements

April 30, 2020

1. Summary of Significant Accounting Policies (continued)

Contributed Services	Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.
Revenue Recognition	<p>The organization follows the restricted fund method of accounting for contributions. Revenue is recognized in the operating fund and capital replacement fund in the period it is received or receivable. Membership fees are recorded on a monthly basis. Any fees paid in advance are deferred and recognized as revenue in the subsequent year.</p> <p>Investment income earned on the assets of the Capital Replacement Fund is recognized as revenue of that fund.</p>
Fund Accounting	<p>Revenue and expenses related to program delivery and administrative activities are reported in the Operating Fund.</p> <p>The assets, liabilities, revenues and expenses related to the purchase of tangible capital assets as specifically approved by the Board of Directors are reported in the Capital Replacement Fund. The fund is increased by an annual transfer of 10% of membership revenue from the operating fund.</p>
Income Taxes	Due to its status with the government, the organization is not subject to income taxes.

Waterloo Tennis Club Inc.

Notes to Financial Statements

April 30, 2020

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

2. Cash

The organization's bank accounts are held at one chartered bank. The bank accounts earn interest at a nominal rate.

3. Interfund Balances

The organization's interfund receivable and payable are interest free, with no set terms of repayment.

4. CEWS Subsidy

The organization recorded as receivable \$20,403 in financial assistance under the Federal government's Canada Emergency Wage Subsidy program.

Waterloo Tennis Club Inc.
Notes to Financial Statements

April 30, 2020

5. Tangible Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 127,919	\$ 91,826	\$ 127,919	\$ 80,556
Fencing	71,278	71,278	71,278	67,184
Bubble improvements	212,192	117,766	197,536	100,084
Building improvements	155,601	45,768	144,215	37,031
Sprinkler system	40,267	10,065	40,267	8,052
Parking lot	28,950	11,580	28,950	8,685
	\$ 636,207	\$ 348,283	\$ 610,165	\$ 301,592
Net book value		\$ 287,924		\$ 308,573

6. Accounts payable and accrued liabilities

	2020		2019	
Trade payables	\$ 1,451		\$ 7,209	
Accrued liabilities		35,667		13,083
Government remittances payable		3,734		20,044
		\$ 40,852		\$ 40,336

7. Interfund Transfers

The Board of Directors authorized the following transfers from the Operating Fund to the Capital Replacement Fund.

	2020
10% transfer of annual membership fee as per by-law	\$ 18,042
Transfer to fund future capital asset acquisitions	181,958
Interfund transfer	\$ 200,000

Waterloo Tennis Club Inc. Notes to Financial Statements

April 30, 2020

8. Uncertainty due to COVID-19

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

As a result of the COVID-19 outbreak, Waterloo Tennis Club's operations were closed to the public on March 15, 2020 through to the year end. Subsequent to year end, programming and public access has resumed with appropriate restrictions and protocols to ensure safety.

9. Financial Instruments

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle transactions on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities. The risk has not changed from the prior year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash in bank and accounts receivable. The organization has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote. The credit risk on accounts receivable arises from HST recoverable, members and organizations in a similar not-for-profit sector.

The organization's exposure to the above-mentioned risks is unchanged from the prior year.
