

Tennis BC Financial Statements

March 31, 2023



Operations Revenues & Expenses

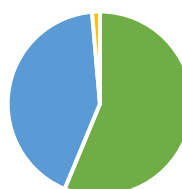
TENNIS BC

Statement of Operations

Year ended March 31, 2023

REVENUE	\$
Program, court rentals, and support fees	1,371,584
Grants, membership fees and sponsorships	1,032,742
Interest and other	33,496
Total Revenues	2,437,822

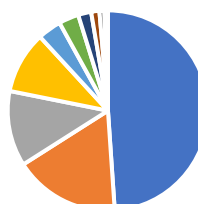
REVENUES



- Program, court rentals, and support fees
- Grants, membership fees and sponsorships
- Interest and other

EXPENSES	\$
Salaries, contracts and benefits	1,117,978
Program specific costs	390,475
Coaching	277,911
Rent and utilities	228,682
Bank and credit card charges	87,237
Office	73,703
Marketing	47,977
Technology	30,312
Professional fees	18,370
Amortization of capital assets	12,874
Total Expenses	2,285,519

EXPENSES



- Salaries, contracts and benefits
- Program specific costs
- Coaching
- Rent and utilities
- Bank and credit card charges
- Office
- Marketing
- Technology
- Professional fees
- Amortization of capital assets

INDEPENDENT AUDITOR'S REPORT

To the Members of
Tennis BC

Opinion

We have audited the financial statements of Tennis BC (the Society), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, operations 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 Society as at March 31, 2023, and the results of its operations and its 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 Society 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 audit 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society to cease to continue as a going concern.



Tompkins Wozny
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

- 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
August 24, 2023

Chartered Professional Accountants

Tennis BC

STATEMENT OF FINANCIAL POSITION

As at March 31

	2023 \$	2022 \$
ASSETS		
Current		
Cash	726,452	207,619
Term deposits <i>[note 3]</i>	—	281,922
Accounts receivable <i>[note 4]</i>	47,747	66,845
Inventory	9,573	6,809
Prepaid expenses and deposits	67,226	47,353
Total current assets	850,998	610,548
Term deposits <i>[note 3]</i>	107,920	—
Restricted term deposits - funds held for capital fund <i>[notes 3 and 9]</i>	660,236	652,625
Prepaid rent deposit	13,750	13,750
Capital assets <i>[note 5]</i>	62,388	38,857
	1,695,292	1,315,780
LIABILITIES		
Current liabilities		
Accounts payable and accruals <i>[note 6]</i>	136,496	94,532
Deferred revenue <i>[note 7]</i>	587,670	398,300
Canada Emergency Business Account loan <i>[note 18]</i>	40,000	—
Total current liabilities	764,166	492,832
Deferred rent	30,594	34,719
Canada Emergency Business Account loan <i>[note 18]</i>	—	40,000
Total liabilities	794,760	567,551
Net assets		
Invested in capital assets	62,388	38,857
Internally restricted <i>[note 9]</i>	650,000	650,000
Unrestricted	188,144	59,372
Total net assets	900,532	748,229
	1,695,292	1,315,780
Funds held in trust for Tennis Canada <i>[note 8]</i>		
Commitments <i>[note 12]</i>		
COVID-19 <i>[note 17]</i>		

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director



Tompkins Wozny
Chartered Professional Accountants

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Invested in Capital Assets \$	Internally Restricted \$	Unrestricted \$	Total \$
2023	<i>[Note 9]</i>			
Balance, beginning of year	38,857	650,000	59,372	748,229
Excess of revenues over (under) expenses	(12,874)	—	165,177	152,303
Investment in capital assets	36,405	—	(36,405)	—
Balance, end of year	62,388	650,000	188,144	900,532
2022				
Balance, beginning of year	40,636	350,000	204,593	595,229
Excess of revenues over (under) expenses	(15,800)	—	168,800	153,000
Investment in capital assets	14,021	—	(14,021)	—
Interfund transfer	—	300,000	(300,000)	—
Balance, end of year	38,857	650,000	59,372	748,229

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2023 \$	2022 \$
REVENUE		
Program, court rentals and support fees	1,371,584	1,071,978
Grants, membership fees and sponsorship <i>[note 15]</i>	1,032,742	615,450
Interest and other	33,496	5,367
Government assistance - wage subsidy <i>[note 17]</i>	—	35,276
- rent subsidy <i>[note 17]</i>	—	13,166
	2,437,822	1,741,237
EXPENSES		
Salaries, contracts and benefits <i>[note 14]</i>	1,117,978	725,370
Program specific costs <i>[note 10 and 13]</i>	390,475	210,861
Coaching	277,911	209,494
Rent and utilities	228,682	276,232
Bank and credit card charges	87,237	54,257
Office	73,703	47,001
Marketing	47,977	15,569
Technology	30,312	20,271
Professional fees	18,370	13,382
Amortization of capital assets	12,874	15,800
	2,285,519	1,588,237
Excess of revenue over expenses for the year	152,303	153,000

See accompanying notes to the financial statements



STATEMENT OF CASH FLOWS

Year ended March 31

	2023 \$	2022 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	152,303	153,000
Item not affecting cash		
Amortization of capital assets	12,874	15,800
Changes in other non-cash working capital items		
Accounts receivable	19,098	(28,299)
Inventory	(2,764)	2,478
Prepaid expenses and deposits	(19,873)	(16,621)
Accounts payable and accruals	41,964	21,269
Deferred revenue	189,370	157,895
Deferred rent	(4,125)	(4,125)
Cash provided by operating activities	388,847	301,397
INVESTING ACTIVITIES		
Purchase of capital assets	(36,405)	(14,021)
Purchase (redemption) of term deposits (net)	174,002	(1,255)
Purchase of term deposit - capital fund	(7,611)	(302,625)
Cash provided by (used in) investing activities	129,986	(317,901)
Increase (decrease) in cash for the year	518,833	(16,504)
Cash, beginning of year	207,619	224,123
Cash, end of year	726,452	207,619

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

1. NATURE OF THE ORGANIZATION

Tennis BC (the "Society") is a non-profit organization incorporated pursuant to the Societies Act of British Columbia on September 2, 1980.

The Society is the Provincial Sport Organization (PSO) for Tennis in the province of British Columbia.

The purpose of the Society is to promote and foster the game of tennis; to adopt, uphold and enforce the rules of the game of tennis and the regulations for the management of tennis competitions as established from time to time by Tennis Canada; to promote, sanction and supervise the holding of tennis competitions in British Columbia; and to select players for and assist players in tennis competitions.

The Society is exempt from income taxes, as long as certain criteria continue to be met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets. Actual results could differ from these estimates.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program, court rentals, support fees, grants, membership fees and sponsorship revenues are recorded as revenue when earned.



NOTES TO FINANCIAL STATEMENTS

March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

Sponsorship in kind is recorded as revenue recorded at fair value, if independent evidence is available to support the fair value.

Merchandise revenue is recognized when goods are received by the purchaser and collection of the sales amount is reasonably assured.

Interest income is recognized in accordance with the terms of the underlying investment which is generally with the passage of time.

Canadian Emergency Wage and Rent Subsidies are recognized as income when the Society meets the conditions of the program and when the Society is reasonably assured of collection of the respective claims.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals and the Canada Emergency Business Account loan.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Inventory

Inventory, consisting of tennis balls and staff uniforms and is recorded at the lower of cost (average cost) and net realizable value. Cost is defined as purchase price plus freight in. The net realizable value is the estimated selling price in the ordinary course of business.

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets

Capital assets are recorded at cost, less accumulated amortization.

Amortization of capital assets is recorded at the following rates:

- | | |
|---|-----------------------|
| ▪ Computer hardware and software | 30% declining balance |
| ▪ Furniture and equipment and capital lease | 20% declining balance |
| ▪ Leasehold improvements | 7 years straight-line |

Deferred Revenue

Program, court rentals, support fees, grants, membership fees and sponsorship collected but not yet earned are recorded as unearned revenue.

Contributed Services

Volunteers contribute their time to assist the Society in carrying out its activities. Due to the difficulty in determining the fair value of such services, the value of the contributed services is not recognized in these financial statements.

3. TERM DEPOSITS

Term deposits have interest rates varying from 2.1% to 4.75% and maturity dates ranging from April 2023 to April 2024.

4. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Operations	32,969	66,845
Interest	14,778	—
Allowance for doubtful accounts	—	—
	47,747	66,845



NOTES TO FINANCIAL STATEMENTS

March 31, 2023

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2023			
Computer hardware and software	76,706	60,455	16,251
Furniture and equipment	96,816	57,904	38,912
Furniture and equipment under capital lease	8,057	8,057	—
Leaseholds - in construction	7,225	—	7,225
Totals	188,804	126,416	62,388
2022			
Computer hardware and software	67,524	55,458	12,066
Furniture and equipment	76,818	50,676	26,142
Furniture and equipment under capital lease	8,057	7,408	649
Totals	152,399	113,542	38,857

6. ACCOUNTS PAYABLE AND ACCRUALS

	2023 \$	2022 \$
Operations	115,894	88,170
Government remittances - GST	19,128	6,340
- PST	44	22
- WorkSafeBC	1,430	—
	136,496	94,532

7. DEFERRED REVENUE

	2023 \$	2022 \$
Membership fees	135,243	116,286
Program fees and court rentals	355,680	130,427
Sponsorships	8,500	28,325
Grants - gaming	14,339	9,403
Grants - other	73,908	113,859
	587,670	398,300



NOTES TO FINANCIAL STATEMENTS

March 31, 2023

8. FUNDS HELD IN TRUST FOR TENNIS CANADA

During the 2014 fiscal year, the Society received \$250,000 from the Province of British Columbia. The funding was received for the general purpose of supporting Tennis BC and Tennis Canada in their efforts to obtain an Association of Tennis Professionals ("ATP") event to be hosted in Vancouver on an annual basis or to be used towards the construction of a Western Canadian Tennis Centre.

During the 2020 fiscal year, the Society entered into an agreement with Tennis Canada regarding the use of funds relating to the development of a Western Canada Tennis and Provincial Training and Development Centre anticipated to be constructed in Burnaby, B.C.

As at March 31, 2023, \$235,171 [2022 - \$232,555] has been invested in term deposits (interest at 3.35% and 4.1% [2022 - 0.25% and 0.65%]).

9. INTERNALLY RESTRICTED NET ASSETS

In 2021, the Society internally restricted \$350,000 of net assets for a capital facility fund. In 2022, the Society internally restricted an additional \$300,000 of net assets for the capital facility fund.

10. IN-KIND SPONSORSHIP REVENUE

Included in sponsorship revenue are in-kind sponsorships with a value of \$20,973 [2022 - \$4,842]. An offsetting amount has been recorded in program specific costs.

11. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at March 31, 2023.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

11. FINANCIAL INSTRUMENTS (CONT'D)

Credit Risk (cont'd)

The Society is exposed to credit risk with respect to its cash, term deposits and accounts receivable. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The Society's cash and term deposits are invested with a large financial institution.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Society is exposed to interest rate risk on its term deposits in so far that the initial rate may be higher than the current interest rate obtained on maturity and renewal. The Society is also subject to interest rate risk with respect to the Canada Emergency Business Account loan.

12. COMMITMENTS

i) The Society is committed to two leases for premises in Vancouver and Richmond. The basic rent commitments, excluding applicable taxes, for the next five years are as follows:

	\$
2024	185,000
2025	165,000
2026	176,667
2027	185,000
2028	185,000
	896,667

ii) The Society is also committed under a partnership agreement to use a specific brand of tennis balls exclusively at all Tennis BC provincial events.



NOTES TO FINANCIAL STATEMENTS

March 31, 2023

13. RELATED PARTY TRANSACTIONS

For the year ending March 31, 2023, program specific costs includes \$31,276 [2022 - \$19,556] paid to a company owned by one of the Society's directors.

The above amounts are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

14. SALARIES, CONTRACTS AND BENEFITS

Pursuant to the British Columbia Societies Act, the Society is required to disclose employees and contractors who are paid \$75,000 or more during the fiscal year. 2023 salaries, contracts and benefits expense includes \$156,871 [2022 - \$172,682] paid to one contractor and \$171,217 paid to two employees. No employees were paid \$75,000 or more during the 2022 fiscal year.

15. GRANTS, MEMBERSHIP FEES AND SPONSORSHIPS

	2023	2022
	\$	\$
Government grant - viaSport	180,230	168,760
Gaming grant	114,065	113,660
Tennis Canada grants	323,176	112,550
Jumpstart grants	11,078	15,600
Province of BC - COVID Tourism Recovery grant	48,160	—
Membership fees	218,280	155,162
Sponsorship [note 10]	137,753	49,718
	1,032,742	615,450

16. ENDOWMENT FUNDS - VANCOUVER FOUNDATION

In 2017, the Society agreed to become the Fund Advisor for the Community Youth Tennis Fund administered by the Vancouver Foundation.

The capital in the Fund as at March 31, 2023 totaled \$55,595 [2022 - \$55,445]. The market value of the Fund as at March 31, 2023 totaled \$58,843 [2022 - \$61,258].

In 2018, the Society agreed to become the Fund Advisor for the Edward Siemens Memorial Tennis Fund administered by the Vancouver Foundation.

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

16. ENDOWMENT FUNDS - VANCOUVER FOUNDATION (CONT'D)

The capital in the Fund as at March 31, 2023 totaled \$62,490 [2022 - \$62,390]. The market value of the Fund as at March 31, 2023 totaled \$66,534 [2022 - \$69,335].

17. COVID-19

COVID-19 indoor mask mandates were lifted March 11, 2022. The Society's events and programs returned to normal and experienced an increase in participation during fiscal 2023.

During the year, the Society received Canada Emergency Wage Subsidies in the amount of \$Nil [2022 - \$35,276].

During the year, the Society received rent subsidies in the amount of \$Nil [2022 - \$13,166].

18. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

The Society also applied for and received a \$40,000 loan under the Canada Emergency Business Account. The loan is non-interest bearing until December 31, 2023, and then interest accrues at the prime rate until December 31, 2025, when the loan is due.

19. OPERATING LINE OF CREDIT

The Society has an operating line of credit of \$50,000. The line of credit bears interest at the Toronto-Dominion's prime rate plus 1.0% per annum. As at March 31, 2023, the Toronto-Dominion's prime rate was 6.7%. As at March 31, 2023, no amount was outstanding.

20. COMPARATIVE FIGURES

Certain of the 2022 comparative figures have been reclassified to conform to the current year presentation.