

FINANCIAL STATEMENTS
TENNIS BC

March 31, 2025



INDEPENDENT AUDITORS' 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, 2025, 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, 2025, 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:

INDEPENDENT AUDITORS' REPORT (CONT'D)

- 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.
- 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.

Vancouver, Canada
July 12, 2025

Tompkins Wozny LLP

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

| | 2025 | 2024 |
|---|------------------|------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash | 683,801 | 421,280 |
| Term deposits <i>[note 3]</i> | 437,105 | 622,970 |
| Accounts receivable <i>[note 4]</i> | 34,159 | 44,752 |
| Inventory | 2,743 | 5,004 |
| Prepaid expenses and deposits | 81,340 | 96,640 |
| Total current assets | 1,239,148 | 1,190,646 |
| Restricted term deposits - funds held for capital fund <i>[notes 3 and 8]</i> | 481,613 | 460,930 |
| Prepaid rent deposit | 13,750 | 13,750 |
| Capital assets <i>[note 5]</i> | 225,648 | 237,471 |
| | 1,960,159 | 1,902,797 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accruals <i>[note 6]</i> | 296,729 | 253,395 |
| Deferred revenue <i>[note 7]</i> | 562,501 | 595,817 |
| Total current liabilities | 859,230 | 849,212 |
| Deferred rent | 22,344 | 26,469 |
| Total liabilities | 881,574 | 875,681 |
| Net assets | | |
| Invested in capital assets | 225,648 | 237,471 |
| Internally restricted <i>[note 9]</i> | 425,000 | 425,000 |
| Unrestricted | 427,937 | 364,645 |
| Total net assets | 1,078,585 | 1,027,116 |
| | 1,960,159 | 1,902,797 |

Funds held in trust for Tennis Canada *[note 8]*Commitments *[note 12]**See accompanying notes to the financial statements*

On behalf of the Board:

Denise Wong

Denise Wong (Jul 23, 2025 10:25:49 PDT)

Director

Denise Wong

President & Chair of the Board

Raymond To

Raymond To (Jul 29, 2025 18:08:39 PDT)

Director

Raymond To

Treasurer



STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

| | Invested in Capital Assets \$ | Internally Restricted \$ | Unrestricted \$ | Total \$ |
|--|--|--------------------------------|--------------------|------------------|
| 2025 | | | | |
| | | <i>[Note 9]</i> | | |
| Balance, beginning of year | 237,471 | 425,000 | 364,645 | 1,027,116 |
| Excess of revenues over (under) expenses | (45,845) | — | 97,314 | 51,469 |
| Investment in capital assets | 34,022 | — | (34,022) | — |
| Balance, end of year | 225,648 | 425,000 | 427,937 | 1,078,585 |
| 2024 | | | | |
| Balance, beginning of year | 62,388 | 650,000 | 188,144 | 900,532 |
| Excess of revenues over (under) expenses | (24,602) | — | 151,186 | 126,584 |
| Investment in capital assets | 199,685 | — | (199,685) | — |
| Interfund transfers | — | (225,000) | 225,000 | — |
| Balance, end of year | 237,471 | 425,000 | 364,645 | 1,027,116 |

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

| | 2025 | 2024 |
|--|------------------|------------------|
| | \$ | \$ |
| REVENUE | | |
| Program, court rentals and support fees | 2,054,307 | 1,831,173 |
| Grants, membership fees and sponsorship <i>[notes 10 and 15]</i> | 1,221,854 | 1,249,059 |
| Interest and other | 54,141 | 48,524 |
| | 3,330,302 | 3,128,756 |
| EXPENSES | | |
| Salaries, contracts and benefits <i>[note 14]</i> | 1,647,891 | 1,432,466 |
| Program specific costs <i>[note 10 and 13]</i> | 729,920 | 637,220 |
| Coaching | 287,239 | 342,391 |
| Rent and utilities | 276,288 | 253,681 |
| Bank and credit card charges | 91,408 | 87,047 |
| Office | 67,547 | 75,054 |
| Marketing | 56,423 | 51,195 |
| Professional fees | 46,023 | 51,308 |
| Amortization of capital assets | 45,845 | 24,602 |
| Technology | 22,144 | 21,243 |
| Athlete assistance | 8,105 | 25,965 |
| | 3,278,833 | 3,002,172 |
| Excess of revenue over expenses for the year | 51,469 | 126,584 |

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

| | 2025 | 2024 |
|---|----------------|------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses for the year | 51,469 | 126,584 |
| Item not affecting cash | | |
| Amortization of capital assets | 45,845 | 24,602 |
| Changes in other non-cash working capital items | | |
| Accounts receivable | 10,593 | 2,995 |
| Inventory | 2,261 | 4,569 |
| Prepaid expenses and deposits | 15,300 | (29,414) |
| Accounts payable and accruals | 43,334 | 116,899 |
| Deferred revenue | (33,316) | 8,147 |
| Deferred rent | (4,125) | (4,125) |
| Cash provided by operating activities | 131,361 | 250,257 |
| INVESTING ACTIVITIES | | |
| Purchase of capital assets | (34,022) | (199,685) |
| Redemption (purchase) of term deposits, net | 185,865 | (515,050) |
| Redemption (purchase) of term deposit - capital fund, net | (20,683) | 199,306 |
| Cash provided by (used in) investing activities | 131,160 | (515,429) |
| FINANCING ACTIVITIES | | |
| Repayment of Canada Emergency Business Account loan | — | (40,000) |
| Cash used in financing activities | — | (40,000) |
| Increase (decrease) in cash for the year | 262,521 | (305,172) |
| Cash, beginning of year | 421,280 | 726,452 |
| Cash, end of year | 683,801 | 421,280 |

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

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.

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2.35% to 5.07% [2024 - 4.7% to 5.05%] and maturity dates ranging from April 2025 to October 2025.

4. ACCOUNTS RECEIVABLE

| | 2025 | 2024 |
|---------------------------------|---------------|---------------|
| | \$ | \$ |
| Operations | 26,471 | 40,732 |
| Interest | 7,688 | 4,020 |
| Allowance for doubtful accounts | — | — |
| | 34,159 | 44,752 |

5. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net Book Value |
|---|----------------|-----------------------------|-------------------|
| | \$ | \$ | \$ |
| 2025 | | | |
| Computer hardware and software | 87,768 | 71,754 | 16,014 |
| Furniture and equipment | 183,916 | 91,681 | 92,235 |
| Furniture and equipment under capital lease | 8,057 | 8,057 | — |
| Leaseholds | 142,770 | 25,371 | 117,399 |
| Totals | 422,511 | 196,863 | 225,648 |
| 2024 | | | |
| Computer hardware and software | 82,006 | 66,125 | 15,881 |
| Furniture and equipment | 158,251 | 71,830 | 86,421 |
| Furniture and equipment under capital lease | 8,057 | 8,057 | — |
| Leaseholds | 140,175 | 5,006 | 135,169 |
| Totals | 388,489 | 151,018 | 237,471 |

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

6. ACCOUNTS PAYABLE AND ACCRUALS

| | 2025 | 2024 |
|------------------------------|---------|---------|
| | \$ | \$ |
| Operations | 263,214 | 242,805 |
| Government remittances - GST | 18,213 | 10,568 |
| - PST | 49 | 22 |
| - payroll | 15,253 | — |
| | 296,729 | 253,395 |

7. DEFERRED REVENUE

| | 2025 | 2024 |
|--------------------------------|---------|---------|
| | \$ | \$ |
| Membership fees | 142,043 | 138,829 |
| Program fees and court rentals | 288,042 | 361,458 |
| Sponsorships | 10,500 | — |
| Grants - gaming | 20,955 | 16,746 |
| - other | 100,961 | 78,784 |
| | 562,501 | 595,817 |

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, 2025, \$259,282 [2024 - \$247,217] has been invested in term deposits (interest at 2.5% and 4.7% [2024 - 4.7% and 5.05%]).

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. In 2024, the Society unrestricted \$225,000 of internally restricted net assets for spending on the Richmond Hub lounge construction (\$150,000) and the potential West Vancouver Hub (\$75,000).

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

10. IN-KIND SPONSORSHIP REVENUE

Included in sponsorship revenue are in-kind sponsorships with a value of \$63,420 [2024 - \$30,430]. 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, 2025.

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.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

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:

| | \$ |
|------|----------------|
| 2026 | 196,667 |
| 2027 | 185,000 |
| 2028 | 185,000 |
| 2029 | 185,000 |
| 2030 | 185,000 |
| | <u>936,667</u> |

The Society's Richmond lease is also subject to additional rent of 10% of the location's gross revenue in excess of \$650,000.

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.

13. RELATED PARTY TRANSACTIONS

For the year ending March 31, 2025, program specific costs includes \$36,474 [2024 - \$29,182] paid to a company owned by one of the Society's employees.

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. 2025 salaries, contracts and benefits expense includes \$1,134,515 [2024 - \$565,367] paid to eleven [2024 - six] employees. No contractor was paid \$75,000 or more during the 2025 fiscal year [2024 - none].

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

15. GRANTS, MEMBERSHIP FEES AND SPONSORSHIPS

| | 2025 | 2024 |
|--|------------------|------------------|
| | \$ | \$ |
| Government grant - viaSport | 256,312 | 184,002 |
| Gaming grant | 94,000 | 100,800 |
| Tennis Canada grants | 383,453 | 535,172 |
| Jumpstart grants | — | 9,323 |
| BC/AB Interprovincial | — | 3,450 |
| Province of BC - BC Fairs Festivals and Events | — | 38,600 |
| KidSport Vancouver grants | 400 | — |
| Membership fees | 261,570 | 246,422 |
| Sponsorship <i>[note 10]</i> | 226,119 | 131,290 |
| | 1,221,854 | 1,249,059 |

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, 2025 totaled \$56,065 [2024 - \$55,765]. The market value of the Fund as at March 31, 2025 totaled \$64,521 [2024 - \$62,423].

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

The capital in the Fund as at March 31, 2025 totaled \$63,490 [2024 - \$63,490]. The market value of the Fund as at March 31, 2025 totaled \$73,445 [2024 - \$71,386].

The Society does not have access to the capital in these funds, however the Society receives annual grant distributions from the funds. For the year ending March 31, 2025, the Society received \$5,970 [2024 - \$5,654] in grants from the funds.

17. 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, 2025, the Toronto-Dominion's prime rate was 4.95%. As at March 31, 2025, no amount was outstanding.