



Canada Revenue
Agency

Agence du revenu
du Canada

OTTAWA ON K1A 0L5

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NCR MAILROOM

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CANADIAN TENNIS
ASSOCIATION/ASSOCIATION
CANADIENNE DE TENNIS
1 SHOREHAM DRIVE, SUITE 100
TORONTO ON M3N 3A6

SALLE DU COURRIER
RCN

**REGISTERED CANADIAN AMATEUR
ATHLETIC ASSOCIATION INFORMATION
RETURN**

000020

Return for Fiscal Period Ending

20181231

Year

Month

Day

Is this the first return filed by this association?

Yes

No

If "No", has the fiscal period changed from the last return filed?

Yes

No

Is this the final return to be filed by this association?

Yes

No

If "Yes", please attach an explanation.



15 12432 3783 RR 0001 2018-12-31 0495259

If the name or address shown above is incorrect or a more permanent address can be provided, print the necessary corrections below:

Corrected name

Corrected address (Number, Street, Apt. No., P.O. Box or R.R. No.)

City

Province or territory

Postal code

NOTE:

To minimize the possibility of the annual mailing of the personalized Registered Canadian Amateur Athletic Association Information Return going astray, it is important that, where possible, a permanent mailing address be provided (i.e., address of the actual, physical location of the association or permanent P.O. Box number).

Instructions

ire that the name and address are correct. To correct pre-printed information on this form, please use the provided. Any changes (except to the contact information above) must be explained in an attachment to return.

plete the boxes (above right) to indicate the end of the association's fiscal period.

h FINANCIAL STATEMENTS for the fiscal period covered by this return. These should include a statement of revenue and expenditures for the fiscal period and a statement of assets and liabilities as of the end of the fiscal period. The statements should indicate the different sources of revenue in sufficient detail to show how funds were spent or invested.

h a list of the names, addresses, and occupations or lines of business of the association's current officers.

h a list of the names and the official positions of the people who are authorized to issue official receipts for the association.

h a note that fully explains what replacement procedure is followed in the event of lost or spoiled receipts.

h six months from the end of the fiscal period of the association, mail or deliver a completed return

h all required documents to:

Charities Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5

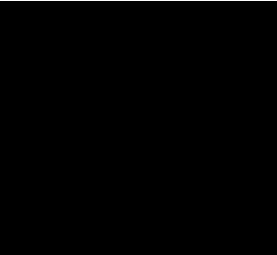
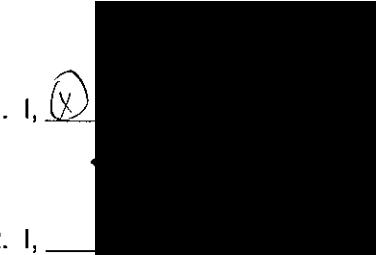
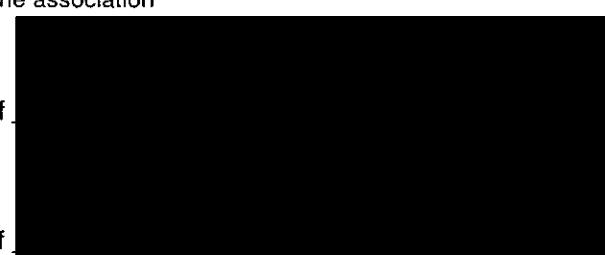
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Information Required

1. Have any changes not previously reported been made to the association's governing documents? If yes, please attach a certified copy of the changes. Yes No
2. Have complete books and records been kept (including duplicate copies of receipts) which fully substantiate all financial transactions during the fiscal period? If no, please attach an explanation. Yes No
3. Please indicate the total amount for which the association issued official donation receipts in this fiscal period. **\$ 1,777,869**
4. Are the receipt forms used to acknowledge payments that are NOT gifts clearly distinguishable from official donation receipts which bear the BN/Registration number? If no, please attach an explanation. Yes No
5. Did the association issue official donation receipts showing a date in the previous calendar year for donations that were mailed or otherwise submitted after the end of the calendar year? If yes, please attach an explanation. Yes No
6. Have official donation receipts been issued to acknowledge donations in a form other than cash or cheque - e.g., goods, services rendered, etc.? If yes, please attach a list of these gifts and their value as shown on the official donation receipt. Yes No
7. Has any amount donated to the association been returned to the donor during the year? If yes, please attach an explanation. Yes No
8. a. During the fiscal period, did the association accept any gifts with the express or implied condition that such gifts were to be used for the benefit of another person, club, society or association? If yes, please attach an explanation. Yes No
8. b. Did the association issue an official donation receipt to acknowledge such a gift? Yes No

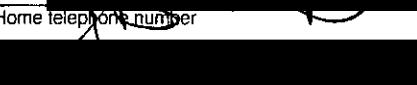
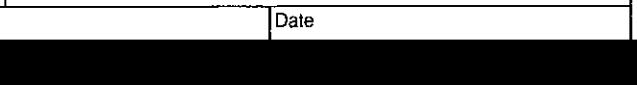
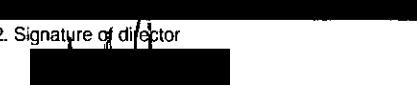
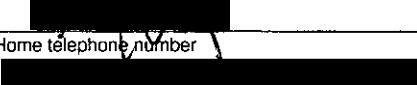
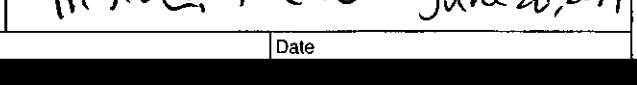
Certification

To be signed by two directors of the association

1. I, (X)Jennifer Bishay of 
Signature appears below. (Print)2. I, Michael Downey of 
Signature appears below. (Print)

Address

HEREBY CERTIFY that the information given in this return and in all attachments is, to the best of my knowledge, correct, complete and current. (Note: It is a serious offense under the *Income Tax Act* to provide false or deceptive information.)

1. Signature of director 	Position with the association <u>Chair</u>
Home telephone number 	Business telephone number 
2. Signature of director 	Position with the association <u>President CEO June 26, 2019</u>
Home telephone number 	Business telephone number 

Financial Statements of

**CANADIAN TENNIS
ASSOCIATION - ASSOCIATION
CANADIENNE DE TENNIS**

Year ended December 31, 2018



INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Tennis Association -
Association Canadienne de Tennis

Opinion

We have audited the financial statements of Canadian Tennis Association - Association Canadienne de Tennis (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of 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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

[REDACTED]

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

[REDACTED]

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Statement of Financial Position

December 31, 2018, with comparative information for 2017

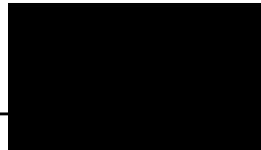
	2018	2017
Assets		
Current assets:		
Cash	\$ 5,591,198	\$ 9,119,440
Restricted cash (note 2)	84,960	91,460
Short-term investments	104,856	118,654
Accounts receivable and other deposits	2,544,988	2,888,036
	8,326,002	12,217,590
Other assets (note 3)	1,335,292	886,793
Capital assets (note 4)	32,300,772	33,061,878
	<hr/> \$ 41,962,066	<hr/> \$ 46,166,261
Liabilities and Fund Balances		
Current liabilities:		
Line of credit (note 5)	\$ 1,880,000	\$ 5,120,000
Accounts payable and accrued liabilities (note 6)	4,480,175	5,808,894
Current portion of deferred revenue (note 7)	7,947,735	6,815,879
Current portion of deferred capital contributions (note 8)	377,981	377,981
	14,685,891	18,122,754
Deferred revenue (note 7)	3,585,500	3,659,800
Deferred capital contributions (note 8)	11,811,905	12,189,886
Asset retirement obligation (note 9)	442,544	417,134
Fund balances:		
Invested in capital assets and other assets	21,464,929	20,899,555
Externally restricted fund	84,960	91,460
Internally restricted fund	1,150,786	867,868
Unrestricted	(11,264,449)	(10,082,196)
	11,436,226	11,776,687
Commitments and guarantee (note 11)		
	<hr/> \$ 41,962,066	<hr/> \$ 46,166,261

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Unrestricted	Restricted funds	Total	2018	2017
Revenue:					
Canadian Open events	\$ 54,368,039	\$ 54,368,039	\$ 50,826,684		
Sport Canada funding	1,060,625	1,060,625	842,375		
Other tournaments	2,002,490	2,002,490	3,263,716		
Toronto facility rentals	2,139,203	2,139,203	2,626,070		
Development	1,206,436	1,206,436	1,171,690		
Fundraising	1,468,793	1,468,793	1,516,964		
Special events	292,392	292,392	252,498		
Membership fees	20,000	20,000	20,000		
Amortization of deferred capital contributions	—	377,981	377,981	377,981	
Support service revenue	12,356	—	12,356	12,356	12,077
Gain (loss) on foreign exchange	460,133	—	460,133	(517,813)	
Donations	—	127,200	127,200	718,160	
	63,030,467	505,181	63,535,648	61,110,402	
Expenses:					
Canadian Open events	31,948,454	—	31,948,454	31,083,162	
Facility development	—	133,700	133,700	714,760	
Development programs	12,463,825	67,082	12,530,907	12,422,553	
Other tournaments	5,739,506	—	5,739,506	5,460,458	
General administration and communications	5,033,859	—	5,033,859	4,223,911	
Toronto facility operational costs	2,358,598	—	2,358,598	2,783,153	
Annual and committee meetings	153,906	—	153,906	122,273	
Special events	112,574	—	112,574	317,671	
Fundraising	583,106	—	583,106	608,294	
Donations disbursed	568,595	—	568,595	363,533	
Accretion expense on asset retirement obligation	25,410	—	25,410	23,971	
Interest (net)	(165,758)	—	(165,758)	(67,445)	
Provisions for due from related party	2,513,360	—	2,513,360	471,355	
	61,335,435	200,782	61,536,217	58,527,649	
Excess of revenue over expenses before the undernoted	1,695,032	304,399	1,999,431	2,582,753	
Amortization of capital assets	—	(2,339,892)	(2,339,892)	(2,213,609)	
Excess (deficiency) of revenue over expenses	\$ 1,695,032	\$ (2,035,493)	\$ (340,461)	\$ 369,144	

See accompanying notes to financial statements.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Statement of Changes in Fund Balances

Year ended December 31, 2018, with comparative information for 2017

	Restricted funds				2018	2017
	Unrestricted	Internally restricted fund	Externally restricted fund	Invested in capital assets and other assets	Total	Total
				(note 1(a)(ii))		
Fund balances, beginning of year	\$ (10,082,196)	\$ 867,868	\$ 91,460	\$ 20,899,555	\$ 11,776,687	\$ 11,407,543
Excess (deficiency) of revenue over expenses	1,695,032	(67,082)	(6,500)	(1,961,911)	(340,461)	369,144
Capital assets and other assets acquired	(2,027,285)	—	—	2,027,285	—	—
Other assets transfer	(500,000)	—	—	500,000	—	—
Interfund transfer	(350,000)	350,000	—	—	—	—
Fund balances, end of year	\$ (11,264,449)	\$ 1,150,786	\$ 84,960	\$ 21,464,929	\$ 11,436,226	\$ 11,776,687

See accompanying notes to financial statements.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (340,461)	\$ 369,144
Items not involving cash:		
Amortization of capital assets and other assets	2,339,892	2,213,609
Amortization of deferred capital contributions	(377,981)	(377,981)
Provisions for due from related party	2,513,360	471,355
Accretion expense on asset retirement obligation	25,410	23,971
Change in non-cash operating working capital:		
Accounts receivable and other deposits	343,048	910,551
Accounts payable and accrued liabilities	(1,328,719)	953,044
Deferred revenue	1,057,556	(378,884)
	<u>4,232,105</u>	<u>4,184,809</u>
Financing activities:		
Restricted cash	6,500	(3,400)
Line of credit	<u>(3,240,000)</u>	<u>2,170,000</u>
	<u>(3,233,500)</u>	<u>2,166,600</u>
Investing activities:		
Purchase of capital assets	(1,527,285)	(1,213,969)
Other assets	(500,000)	-
Due from related party	(2,513,360)	(471,355)
Short-term investments	13,798	(11,683)
	<u>(4,526,847)</u>	<u>(1,697,007)</u>
Increase (decrease) in cash	(3,528,242)	4,654,402
Cash, beginning of year	9,119,440	4,465,038
Cash, end of year	\$ 5,591,198	\$ 9,119,440

See accompanying notes to financial statements.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements

Year ended December 31, 2018

Canadian Tennis Association - Association Canadienne de Tennis (the "Association") is a not-for-profit organization and is a registered Canadian Amateur Athletic Association for income tax purposes. As the Association complies with the applicable provisions of the Income Tax Act (Canada), it is exempt from income taxes and may issue tax-deductible donation receipts. The Association's purpose is to promote and develop tennis in Canada by providing services and programs throughout Canada, in cooperation with provincial associations.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations using the restricted fund method of accounting for contributions as follows:

(a) Fund accounting:

(i) Unrestricted:

The unrestricted fund balance accounts for the operations of the Association.

(ii) Internally restricted:

The internally restricted fund consists of:

	2018	2017
Rain insurance reserve for Rogers Cup	\$ 167,868	\$ 167,868
Pre-capital reserve fund	232,918	200,000
Strategic reserve fund	750,000	500,000
	<hr/>	<hr/>
	\$ 1,150,786	\$ 867,868

(iii) Externally restricted:

The restricted fund consists of funds contributed by individual donors to support Canadian tennis players. As specified by the donor, the funds will be used to support the development of Canadian tennis players and construction of the Acadia Tennis Centre.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(b) Revenue recognition:

Contributions related to general operations are recognized as revenue of the unrestricted fund in the year received or receivable. Restricted contributions for which there is no established restricted fund are recognized as revenue of the unrestricted fund in the year in which the related expenses are incurred.

- (i) ticket sales - in the year that the related tournament is held;
- (ii) sponsorship revenue - in the year that contract conditions are met;
- (iii) government grants - when approval for funding is received and applicable conditions are met; and
- (iv) government assistance and construction sponsorship relating to facility construction - over the same period as the related capital assets are amortized.

Where capital assets, services and/or materials are received as consideration for sponsorship benefits, the assets and the corresponding revenue or deferred revenue are recorded at the fair value of assets given in return when the fair value can be reasonably determined. Contributions of the use of land for a specified period of time are reflected at a nominal value in the financial statements.

Restricted fund contributions are recognized as revenue when received or receivable. Contributions are recognized in the respective funds if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledges are not included in revenue until such time as ultimate collection is reasonably assured, which primarily occurs when funds are received.

Contributed goods and services revenue is recognized when the fair value is determinable and the goods and services would otherwise be purchased.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is computed on a declining-balance basis except for Stadium and Centre of Excellence which is on a straight-line basis, over the estimated useful lives of the assets as follows:

Stadium and Centre of Excellence	42 years
Events equipment	20%
Office furniture	15%
Computer and office equipment	30%
Leasehold improvements	Lower of lease term or 20%
Tennis court air structure	5%

When an asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

(d) Controlled entity:

The Association has chosen not to consolidate the not-for-profit organization it controls and, instead, to disclose summarized financial information of the controlled organization.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(e) Asset retirement obligation:

The Association recognizes the fair value of a future asset retirement obligation as a liability in the year in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. The Association concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The amount of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a risk-free interest rate, based on management's best estimate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in the statement of operations as an operating expense using the effective interest rate method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

(f) Foreign exchange translation:

Monetary assets and liabilities of the Association which are denominated in foreign currencies are translated at the year-end exchange rates. Revenue and expenses are translated at rates of exchange prevailing on the transaction dates. All of the exchange gains or losses resulting from these other transactions are recognized in the statement of operations.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Allocation of expenses:

The Association manages various events and programs (the "programs"). The costs of each program include the salaries and benefits, supplies, travel and other expenses that are directly related to providing the programs. The Association also incurs a number of general and administrative support expenses that are common to the administration of the Association and each of its programs. Salaries and benefits are allocated on the basis of hours incurred directly for each program. The other expenses are allocated on the basis of estimated consumption attributable to the programs.

(i) Use of estimates:

The preparation of financial statements 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 reported amounts of revenue and expenses during the year. Significant estimates include the carrying values of accounts receivable and due from related party, certain accrued liabilities and asset retirement obligation. Actual results could differ from those estimates.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Restricted cash:

The restricted cash represents amounts set aside by the Association for the externally restricted fund.

3. Other assets:

The Association has entered into a Memorandum of Understanding with provincial facilities in various cities. As part of the arrangements, the Association has certain rights to use the court facilities for programs and tournaments each year.

The amounts are expensed, on a straight-line basis, over the benefit period to use the facilities.

	Year of origin	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Other	2016	\$ 32,626	\$ -	\$ 32,626	\$ 32,626
Calgary, Alberta	2015	500,000	83,334	416,666	458,333
Truro, Nova Scotia	2013	200,000	24,000	176,000	180,000
Fredericton, New Brunswick	2012	250,000	40,000	210,000	215,834
Halifax, Nova Scotia	2018	500,000	-	500,000	-
		\$ 1,482,626	\$ 147,334	\$ 1,335,292	\$ 886,793

4. Capital assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Stadium and Centre of Excellence	\$ 40,046,640	\$ 14,441,066	\$ 25,605,574	\$ 26,399,825
Events equipment	6,720,310	4,905,337	1,814,973	1,852,989
Office furniture	780,810	532,426	248,384	231,199
Computer and office equipment	3,749,110	3,340,648	408,462	530,017
Leasehold improvements	8,734,595	4,721,741	4,012,854	3,826,242
Tennis court air structure	440,626	230,101	210,525	221,606
	\$ 60,472,091	\$ 28,171,319	\$ 32,300,772	\$ 33,061,878

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Line of credit:

The Association has available a \$4,000,000 operating credit facility bearing interest at the lender's prime rate plus 0.5% per annum and are due on demand.

The lender has first ranking set-off and security agreement on the U.S. dollar operating account in the amount of \$2,000,000 U.S. dollars. The lender also has first-ranking security agreement over present and future receivables registered in the Province of Ontario, and on a movable hypothec of \$10 million on all movable properties.

Pursuant to the agreement, the Association is required to comply with certain qualitative covenants and in particular, is required to maintain a debt ratio of not more than 1.50:1 and a fixed charge coverage ratio of not less than 1.20:1..

As at year end, the Association has drawn \$1,880,000 (2017 - \$5,120,000) from the line of credit. Subsequent to year end, \$1,880,000 (2017 - \$3,920,000) of the credit facility was repaid.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$549,794 (2017 - \$405,285), which includes amounts payable for harmonized sales tax/Quebec sales tax.

7. Deferred revenue:

Deferred revenue represents amounts collected for tournaments and programs held in future periods:

	2018	2017
Rogers Cup	\$ 7,947,735	\$ 6,815,879
Facility maintenance	3,000,000	3,000,000
Program support	585,500	659,800
	11,533,235	10,475,679
Less current portion	7,947,735	6,815,879
	\$ 3,585,500	\$ 3,659,800

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

8. Deferred capital contributions:

	2018	2017
Ontario Infrastructure Program	\$ 5,000,000	\$ 5,000,000
Ontario Sports, Culture and Tourism Partnership	5,000,000	5,000,000
Canadian Tennis Fund	6,000,000	6,000,000
Sponsorship	3,511,506	3,511,506
	19,511,506	19,511,506
Less:		
Accumulated amortization, total for full-term	7,321,620	6,943,639
Current portion	377,981	377,981
	7,699,601	7,321,620
	<hr/> \$ 11,811,905	<hr/> \$ 12,189,886

9. Asset retirement obligation:

The Association has an obligation to return the leased land, upon which the Stadium and Centre of Excellence has been constructed, to York University at the end of the lease term. The lease term expires in July 2027; however, the Association has the right to extend the term of the lease for a further 24 years. Under the lease agreement, York University has the option to compel the Association to demolish the Stadium and Centre of Excellence and return the land in its original condition or to require no remediation on the Association's behalf. The Association expects that the option to extend the lease will be exercised and that the estimated undiscounted cash flows, adjusted for inflation at a rate of 3%, required to settle the obligation at the time the lease expires after the extension would range from nil to \$5,600,000 depending on the decision by York University to require site remediation. If the lease is not extended, it is expected that the estimated undiscounted cash flows, adjusted for inflation at a rate of 3%, required to settle the obligation in July 2027 would range from nil to \$2,800,000, depending on the decision by York University to require site remediation. In the determination of the asset retirement obligation, the undiscounted cash flows have been present-valued using a credit-adjusted risk-free rate of 8%.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

9. Asset retirement obligation (continued):

Changes in the asset retirement obligation are as follows:

Balance, December 31, 2017	\$ 417,134
Accretion expense	25,410
Balance, December 31, 2018	\$ 442,544

10. Related party transactions:

Controlled entity:

(a) The Association is related to Tennis Canada - Stade Jarry ("Stade Jarry") by virtue of control over the composition of the Board of Directors. Stade Jarry has not been consolidated in the Association's financial statements. A financial summary of the non-consolidated accounts of Stade Jarry for the current and previous year is as follows:

	2018	2017
Financial position:		
Total assets	\$ 21,209,057	\$ 21,401,566
Total liabilities	25,403,011	24,146,472
Fund balances	\$ (4,193,954)	\$ (2,744,906)
Results of operations:		
Total revenue	\$ 6,537,845	\$ 7,321,894
Total expenses	7,986,893	7,850,132
Deficiency of revenue over expenses	\$ (1,449,048)	\$ (528,238)

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

10. Related party transactions (continued):

	2018	2017
Cash flows:		
Cash provided by (used in) operating activities	\$ (782,235)	\$ 563,499
Cash used in investing activities	(1,022,483)	(335,009)
Cash provided by (used in) financing activities	1,929,654	(482,113)
Increase (decrease) in cash	\$ 124,936	\$ (253,623)

(b) Transactions between related parties consist of the following:

	2018	2017
Charges from Stade Jarry:		
Rent of facility	\$ 395,000	\$ 395,000
Charges to Stade Jarry:		
Staff, event and administrative expenses	2,942,552	2,487,266

(c) Balance due from Stade Jarry consists of the following:

	2018	2017
Renovations 2002	\$ 700,000	\$ 700,000
Construction 1996	150,000	150,000
Sponsorship and operating	11,886,855	9,373,495
	12,736,855	10,223,495
Less allowance for doubtful account	(12,736,855)	(10,223,495)
	\$ -	\$ -

As at December 31, 2018, \$12,736,855 (2017 - \$10,223,495) of the balance due from Stade Jarry has been provided for as allowance for doubtful account as management determined the amount owing is subject to a high risk of collectability.

The transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the parties.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

11. Commitments and guarantee:

(a) In 2002, the Association entered into a lease agreement with York University for 25 years with the option to renew for a further 24 years for the use of the Rexall Centre.

The Association also entered into several short-term agreements to lease equipment and vehicles.

The future minimum lease payments for the next five years and thereafter are as follows:

2019	\$ 668,460
2020	648,735
2021	579,515
2022	571,970
2023	570,625
Thereafter	1,714,525
	<hr/>
	\$ 4,753,830

(b) In January 2011, Stade Jarry entered into a loan with the [REDACTED] to fund the renovations to [REDACTED]. The loan is due on demand and secured by Stade Jarry's assets. The Association has co-signed the loan. Stade Jarry will make the loan payments and any potential shortfall will be covered by the Association. In the event of default, the Association would be responsible for the outstanding balance. The loan was fully paid out in 2017.

12. General support expenses:

Human resources and overhead costs of \$1,341,147 (2017 - \$1,408,347) have been allocated as follows:

	2018	2017
Canadian open events	\$ 950,405	\$ 1,017,605
Tennis development programs	390,742	390,742
	<hr/>	
	\$ 1,341,147	\$ 1,408,347

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

13. Sport Canada funding agreement:

Revenue and expenses incurred under the Sport Canada funding agreement for the period from January 1, 2018 to March 31, 2018 and April 1, 2017 to December 31, 2017 are as follows:

	Period from January 1, 2018 to March 31, 2018	Period from April 1, 2017 to December 31, 2017
Revenue:		
PCH Funding (Sport Support Program)	\$ 34,150	\$ 648,850
Expenses:		
Mainstream Programs:		
Contribution Blocks - Core:		
Administration	55,722	141,407
Governance	1,086	102,256
Staff salaries	428,513	1,574,715
Coaching salaries and professional development	150,559	553,278
National team programs	859,080	2,763,678
Official languages	11,550	62,094
Operations and programming	544,332	1,914,941
	2,050,842	7,112,369
Programs for Athletes with disability:		
Contribution Blocks - Core:		
Administration	19,847	8,722
Staff salaries	51,073	194,780
Coaching salaries and professional development	6,355	77,486
National team programs	5,734	196,972
Official languages	4,950	14,850
Operations and programming	—	68,950
	87,959	561,760
	2,138,801	7,674,129
	\$ (2,104,651)	\$ (7,025,279)

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2018

14. Financial instrument risks:

(a) 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 Association is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk arising from its accounts receivable and due from related party.

(c) Currency risk:

The Association is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. The Association conducts its business primarily in Canadian dollars.

15. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

Schedule
Board of Directors (new directors in bold)

Name	Start Date YYYY-MM-DD	Address
SEBASTIEN LEBLANC	2017-05-17	
MIKE TEVLIN	2014-09-18	
JOSEE NOISEUX	2019-05-15	
DERRICK ROWE	2014-09-18	
NADIR MOHAMED	2014-09-18	
Richard Harris	2017-10-26	
Matthew Akman	2018-06-20	
JENNIFER BISHOP	2016-05-18	
MICHAEL S. DOWNEY	2017-07-17	
SAMUEL P. SEBASTIEN	2016-05-18	
PETER KRUYT	2019-05-15	
PENNY BALLEM	2016-05-18	
Marcia Jackson	2018-05-16	

Tennis Canada 2018 requirements in the instructions

Explanation regarding question 5 under Instructions

Person authorized to issue official receipts during 2018:

[REDACTED] CFO

Explanation regarding question 6 under Instructions:

To replace a lost receipt, our organization issue a replacement that contains all required information plus the serial number of the lost receipt. The replacement receipt is also marked as "cancelled replacing lost receipt." Our copy of the lost receipt is retained and marked "cancelled".

In the case of a spoiled receipt, our organization can issue a new receipt, but keeps both the donor's and our original copies, marked "Cancelled".

Tennis Canada 2018 Tax return

Explanation regarding question 5:

We have 2 dates on our tax receipts, one for the date the gift was received and one with the date the tax receipt was issued. We only issue donation receipts with the previous year's date if the donations are mailed and the envelope is postmarked for the previous year.

acct_id	name_last	name_last_first_mi	company_name	total_received_amount	donati	fund_id	fund_name	qual_for_fund_desc
				130	D			Y 2018 Donations in Kind
				2500	D			Y 2018 Donations in Kind
				236	D			Y 2018 Donations in Kind
				612.92	D			Y 2018 Donations in Kind
				355	D			Y 2018 Donations in Kind
				124.75	D			Y 2018 Donations in Kind
				598	D			Y 2018 Donations in Kind
				343.69	D			Y 2018 Donations in Kind
				500	D			Y 2018 Donations in Kind
				500	D			Y 2018 Donations in Kind
				500	D			Y 2018 Donations in Kind
				500	D			Y 2018 Donations in Kind
				500	D			Y 2018 Donations in Kind
				550	D			Y 2018 Donations in Kind
				1500	D			Y 2018 Donations in Kind
				549.99	D			Y 2018 Donations in Kind
				30	D			Y 2018 Donations in Kind
				300	D			Y 2018 Donations in Kind
				450	D			Y 2018 Donations in Kind
				400	D			Y 2018 Donations in Kind
				1000	D			Y 2018 Donations in Kind
				59.97	D			Y 2018 Donations in Kind
				530	D			Y 2018 Donations in Kind
				1380	D			Y 2018 Donations in Kind
				250	D			Y 2018 Donations in Kind
				14,400.32				

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