



Registered Canadian Amateur Athletic Association Information Return

Identification

Name of association Canadian Tennis Association	
Address 1 Shoreham Drive, Suite 100	
City Toronto	
Province or territory Ontario	Postal code M3N3A6

Return for fiscal period ending

2	0	1	9	1	2	3	1
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.

File number

495259

BN/Registration number

124323783 R R 0001

Yes No

Yes No

Instructions

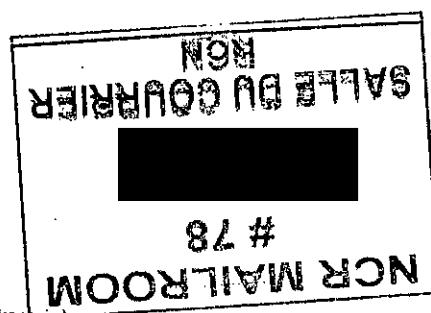
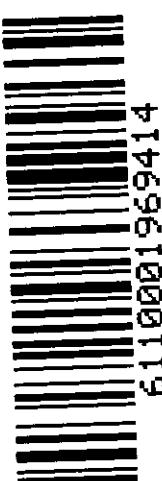
1. Complete the Identification area.
2. Complete the boxes (above right) to indicate the end of the association's fiscal period.
3. Attach FINANCIAL STATEMENTS for the fiscal period covered by this return. These should include a statement of revenue and expenditures for the fiscal period and a statement 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.
4. Attach a list of the names, addresses, and occupations or lines of business of the association's current directors.
5. Attach a list of the names and the official positions of the people who are authorized to issue official receipts for the association.

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

Within six months from the end of the fiscal period of the association, mail or deliver a completed return and all required documents to:

Charities Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5

Authorized by the Minister of National Revenue.



(Ce formulaire existe en français.)

Canada

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. \$ 5,330,544

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 (confidential). 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 (confidential). Yes No

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, Michael Downey

Name of director whose signature appears below.

of

2. I, Jennifer Bishop

Name of director whose signature appears below.

of

Address (confidential)

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 (confidential)		Position with the association
		President & CEO

Home telephone number (confidential) Business telephone number Date

2. Signature of director (confidential)		Position with the association
		Chair of the Board

Home telephone number (confidential) Business telephone number Date

RCAA:

Personal information is collected under the authority of the Income Tax Act and is used to establish and validate the identity and contact information of directors, trustees, officers and/or like officials and authorized representatives of the organization. This information will also be used as a basis for the indirect collection of additional personal information from other internal and external sources, which includes social insurance number (SIN), personal tax information, and relevant financial and biographical information, which may be used to assess the overall risk of registration with respect to the obligations of registration as outlined in the Act and the common law. The SIN is collected pursuant to subsection 237 of the Act and is used for identification purposes.

The Canada Revenue Agency (CRA) will make this form and all attachments available to the public upon request and/or on the Charities Directorate website, except for information or data identified as confidential. Personal information may also be disclosed to the organization in question and/or its authorized representatives and other third parties pursuant to the disclosure provisions under Section 241 of the Act. Personal information may also be shared with other government departments and agencies under information-sharing agreements in accordance with the disclosure provisions under Section 241 of the Act. Incomplete or inaccurate information may result in a range of actions including suspension of tax-receiving privileges, up to and including revocation of registered status.

Information is described in Charities Program CRA PPU 200 and is protected under the *Privacy Act*. Individuals have a right of protection, access to and correction or notation of their personal information. Please be advised that you are entitled to complain to the Privacy Commissioner of Canada regarding our handling of your information.

Notification to directors and like officials: The CRA strongly encourages the association to voluntarily inform directors and like officials that their personal information has been collected and disclosed to the CRA for the submission of its annual information return.

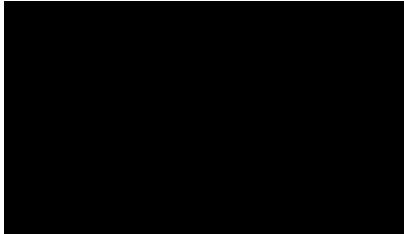
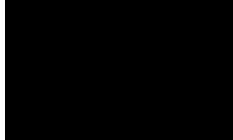
I confirm that I have read the Privacy statement above.

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended December 31, 2019



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, 2019
- 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, 2019, 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.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 8,908,163	\$ 5,591,198
Restricted cash (note 2)	118,905	84,960
Short-term investments	121,913	104,856
Accounts receivable and other deposits	4,135,030	2,544,988
Inventory	19,550	-
	<u>13,303,561</u>	<u>8,326,002</u>
Other assets (note 3)	1,230,625	1,335,292
Capital assets (note 4)	31,153,241	32,300,772
	<u>\$ 45,687,427</u>	<u>\$ 41,962,066</u>
Liabilities and Fund Balances		
Current liabilities:		
Line of credit (note 5)	\$ 120,000	\$ 1,880,000
Accounts payable and accrued liabilities (note 6)	7,213,902	4,480,175
Current portion of deferred revenue (note 7)	8,585,584	7,947,735
Current portion of deferred capital contributions (note 8)	377,981	377,981
	<u>16,297,467</u>	<u>14,685,891</u>
Deferred revenue (note 7)	4,224,290	3,585,500
Deferred capital contributions (note 8)	11,433,924	11,811,905
Asset retirement obligation (note 9)	469,478	442,544
Fund balances:		
Invested in capital assets and other assets	20,590,712	21,464,929
Externally restricted fund	118,905	84,960
Internally restricted fund	2,926,166	1,150,786
Unrestricted	(10,373,515)	(11,264,449)
	<u>13,262,268</u>	<u>11,436,226</u>
Commitments and guarantee (note 11)		
Subsequent event and contingencies (note 15)		
	<u>\$ 45,687,427</u>	<u>\$ 41,962,066</u>

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, 2019, with comparative information for 2018

	Unrestricted	Restricted funds	Total	2019	2018
Revenue:					
Canadian Open events	\$ 54,548,598	\$ -	\$ 54,548,598	\$ 54,368,039	\$ 54,368,039
Sport Canada funding	986,125	-	986,125	1,060,625	1,060,625
Other tournaments	668,209	-	668,209	2,002,490	2,002,490
Toronto facility rentals	1,925,179	-	1,925,179	2,139,203	2,139,203
Development	3,254,506	-	3,254,506	1,206,436	1,206,436
Fundraising	3,571,850	-	3,571,850	1,468,793	1,468,793
Special events	311,918	-	311,918	292,392	292,392
Membership fees	20,000	-	20,000	20,000	20,000
Amortization of deferred capital contributions	-	377,981	377,981	377,981	377,981
Support service revenue	507,373	-	507,373	12,356	12,356
Gain (loss) on foreign exchange	(370,488)	-	(370,488)	460,133	460,133
Donations	-	145,528	145,528	127,200	127,200
	65,423,270	523,509	65,946,779	63,535,648	
Expenses:					
Canadian Open events	32,508,962	-	32,508,962	31,948,454	31,948,454
Facility development	-	111,583	111,583	133,700	133,700
Development programs	13,659,333	11,616	13,670,949	12,530,907	12,530,907
Other tournaments	3,612,354	-	3,612,354	5,739,506	5,739,506
General administration and communications	6,077,357	-	6,077,357	5,033,859	5,033,859
Toronto facility operational costs	2,263,435	-	2,263,435	2,358,598	2,358,598
Annual and committee meetings	165,777	-	165,777	153,906	153,906
Special events	247,289	-	247,289	112,574	112,574
Fundraising	591,326	-	591,326	583,106	583,106
Donations disbursed	1,410,739	-	1,410,739	568,595	568,595
Accretion expense on asset retirement obligation	26,934	-	26,934	25,410	25,410
Interest (net)	(201,369)	-	(201,369)	(165,758)	(165,758)
Provisions for due from related party	1,292,381	-	1,292,381	2,513,360	2,513,360
	61,654,518	123,199	61,777,717	61,536,217	
Excess of revenue over expenses before the undernoted	3,768,752	400,310	4,169,062	1,999,431	
Amortization of capital assets	-	(2,343,020)	(2,343,020)	(2,339,892)	
Excess (deficiency) of revenue over expenses	\$ 3,768,752	\$ (1,942,710)	\$ 1,826,042	\$ (340,461)	

See accompanying notes to financial statements.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Statement of Changes in Fund Balances

Year ended December 31, 2019, with comparative information for 2018

	Restricted funds				2019	2018
	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	\$ (11,264,449)	\$ 1,150,786	\$ 84,960	\$ 21,464,929	\$ 11,436,226	\$ 11,776,687
Excess (deficiency) of revenue over expenses	3,768,752	(11,616)	33,945	(1,965,039)	1,826,042	(340,461)
Capital assets and other assets acquired	(1,090,822)	—	—	1,090,822	—	—
Interfund transfer	(1,786,996)	1,786,996	—	—	—	—
Fund balances, end of year	<u>\$ (10,373,515)</u>	<u>\$ 2,926,166</u>	<u>\$ 118,905</u>	<u>\$ 20,590,712</u>	<u>\$ 13,262,268</u>	<u>\$ 11,436,226</u>

See accompanying notes to financial statements.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 1,826,042	\$ (340,461)
Items not involving cash:		
Amortization of capital assets and other assets	2,343,020	2,339,892
Amortization of deferred capital contributions	(377,981)	(377,981)
Provisions for due from related party	1,292,381	2,513,360
Accretion expense on asset retirement obligation	26,934	25,410
Change in non-cash operating working capital:		
Accounts receivable and other deposits	(1,590,042)	343,048
Inventory	(19,550)	–
Accounts payable and accrued liabilities	2,733,727	(1,328,719)
Deferred revenue	1,276,639	1,057,556
	<hr/> 7,511,170	<hr/> 4,232,105
Financing activities:		
Restricted cash	(33,945)	6,500
Line of credit	(1,760,000)	(3,240,000)
	<hr/> (1,793,945)	<hr/> (3,233,500)
Investing activities:		
Purchase of capital assets	(1,090,822)	(1,527,285)
Other assets	–	(500,000)
Due from related party	(1,292,381)	(2,513,360)
Short-term investments	(17,057)	13,798
	<hr/> (2,400,260)	<hr/> (4,526,847)
Increase (decrease) in cash	3,316,965	(3,528,242)
Cash, beginning of year	5,591,198	9,119,440
Cash, end of year	\$ 8,908,163	\$ 5,591,198

See accompanying notes to financial statements.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements

Year ended December 31, 2019

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:

	2019	2018
Rain insurance reserve for Rogers Cup	\$ 167,868	\$ 167,868
Pre-capital reserve fund	321,302	232,918
Strategic reserve fund	1,000,000	750,000
Reserve fund for capital and IT projects	264,627	—
Reserve fund for tennis development	1,172,369	—
	\$ 2,926,166	\$ 1,150,786

(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, 2019

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, 2019

1. Significant accounting policies (continued):

(c) Inventory:

Inventory consists of finished goods to be sold on the Association's online store. Inventory is valued at the lower of cost and net realizable value.

(d) 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.

Adjustments for impairment are assessed for partial impairments for assets, in addition to full impairments.

(e) 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, 2019

1. Significant accounting policies (continued):

(f) 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.

(g) 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.

(h) 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, 2019

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.

(i) 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.

(j) 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, 2019

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.

The facility in Halifax, Nova Scotia is under construction, amortization of the other asset will commence upon commencement of facility operations for benefit period.

	Year of origin	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Halifax, Nova Scotia	2018	\$ 500,000	\$ —	\$ 500,000	\$ 500,000
Other	2016	32,626	—	32,626	32,626
Calgary, Alberta	2015	500,000	125,001	374,999	416,666
Truro, Nova Scotia	2013	200,000	52,000	148,000	176,000
Fredericton, New Brunswick	2012	250,000	75,000	175,000	210,000
		\$ 1,482,626	\$ 252,001	\$ 1,230,625	\$ 1,335,292

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Stadium and Centre of Excellence	\$ 40,046,640	\$ 15,235,317	\$ 24,811,323	\$ 25,605,574
Events equipment	6,725,305	5,268,831	1,456,474	1,814,973
Office furniture	815,523	572,288	243,235	248,384
Computer and office equipment	3,749,110	3,463,186	285,924	408,462
Leasehold improvements	9,785,710	5,629,424	4,156,286	4,012,854
Tennis court air structure	440,626	240,627	199,999	210,525
	\$ 61,562,914	\$ 30,409,673	\$ 31,153,241	\$ 32,300,772

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 \$120,000 (2018 - \$1,880,000) from the line of credit.

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$120,885 (2018 - \$549,794), which includes amounts payable for harmonized sales tax/Quebec sales tax.

7. Deferred revenue:

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

	2019	2018
Rogers Cup	\$ 8,095,793	\$ 7,947,735
Facility maintenance	3,000,000	3,000,000
Program support	1,714,081	585,500
	12,809,874	11,533,235
Less current portion	8,585,584	7,947,735
	<u>\$ 4,224,290</u>	<u>\$ 3,585,500</u>

8. Deferred capital contributions:

	2019	2018
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	7,699,601	7,321,620
Current portion	377,981	377,981
	8,077,582	7,699,601
	<u>\$ 11,433,924</u>	<u>\$ 11,811,905</u>

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2019

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%.

Changes in the asset retirement obligation are as follows:

Balance, December 31, 2018	\$ 442,544
Accretion expense	26,934
Balance, December 31, 2019	\$ 469,478

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2019

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:

	2019	2018
Financial position:		
Total assets	\$ 23,333,199	\$ 21,209,057
Total liabilities	28,420,740	25,403,011
Fund balances	\$ (5,087,541)	\$ (4,193,954)
Results of operations:		
Total revenue	\$ 8,700,186	\$ 6,537,845
Total expenses	9,593,773	7,986,893
Deficiency of revenue over expenses	\$ (893,587)	\$ (1,449,048)
Cash flows:		
Cash used in operating activities	\$ (689,601)	\$ (782,235)
Cash used in investing activities	(1,388,690)	(1,022,483)
Cash provided by financing activities	2,208,767	1,929,654
Increase in cash	\$ 130,476	\$ 124,936

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

	2019	2018
Charges from Stade Jarry:		
Rent of facility	\$ 395,000	\$ 395,000
Charges to Stade Jarry:		
Staff, event and administrative expenses	2,943,533	2,942,552

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2019

10. Related party transactions (continued):

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

	2019	2018
Renovations 2002	\$ 700,000	\$ 700,000
Construction 1996	150,000	150,000
Sponsorship and operating	13,179,198	11,886,855
	14,029,198	12,736,855
Less allowance for doubtful account	(14,029,198)	(12,736,855)
	\$ -	\$ -

As at December 31, 2019, \$14,029,198 (2018 - \$12,736,855) of the balance due from Stade Jarry has been provided for as management determined the amount owing is subject to a high risk of collectability.

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

11. Commitments and guarantees:

(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:

2020	\$ 992,709
2021	998,148
2022	925,666
2023	724,841
2024	707,913
Thereafter	1,418,475
	<hr/>
	\$ 5,767,752

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2019

11. Commitments and guarantee (continued):

(b) Stade Jarry entered into loans with the [REDACTED] in 2011 and 2019 to fund the renovations to [REDACTED] and other capital projects. The loans are 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.

12. General support expenses:

Human resources and overhead costs of \$1,341,147 (2018 - \$1,341,147) have been allocated as follows:

	2019	2018
Canadian open events	\$ 950,405	\$ 950,405
Tennis development programs	390,742	390,742
	\$ 1,341,147	\$ 1,341,147

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2019

13. Sport Canada funding agreement:

Revenue and expenses incurred under the Sport Canada funding agreement for the period from January 1, 2019 to March 31, 2019 and April 1, 2018 to December 31, 2018 are as follows:

	Period from January 1, 2019 to March 31, 2019	Period from April 1, 2018 to December 31, 2018
Revenue:		
PCH Funding	\$ —	\$ 943,000
Expenses:		
Mainstream Programs:		
Contribution Blocks - Core:		
Administration	71,550	172,285
Governance	11,170	69,190
Staff salaries	513,046	1,346,073
Coaching salaries and professional development	180,259	472,945
National team programs	708,981	3,073,937
Official languages	11,550	79,187
Operations and programming	698,307	3,138,044
	2,194,863	8,351,661
Programs for Athletes with disability:		
Contribution Blocks - Core:		
Administration	1,065	16,847
Staff salaries	51,290	168,125
Coaching salaries and professional development	6,511	56,952
National team programs	3,514	193,605
Official languages	4,950	14,850
Operations and programming	6,126	107,385
	73,456	557,764
	2,268,319	8,909,425
	\$ (2,268,319)	\$ (7,966,425)

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2019

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. Subsequent event and contingencies:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Closure of the facilities in Toronto and in Montreal from March 13, 2020 to the date of the auditors' report based on public health recommendations
- Cancellation of a number of national and professional events in Canada

CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2019

15. Subsequent event and contingencies (continued):

- Uncertainty regarding the running of Rogers Cup, planned for August 2020
- Mandatory working from home requirements for those able to do so
- Temporary and or permanent termination of employees

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Tennis Canada 2019 requirements in the instructions

Explanation regarding question 5 under Instructions

Person authorized to issue official receipts during 2019:

[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 2019 Tax return

Explanation regarding question 5:

We have two 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.

cust_dona_name first mi.	company_name	acct_id	order_num	fund_name	drive_year	fund_desc	gl_code	total_received_amount	cust_donation_info_4	TAX RECEIPT DATE	TAX RECEIPT NUMBER
				2019 2019 Gras: 1-60-6100	\$	62.00				2019-09-11	1010254
				2019 2019 Gras: 1-60-6100	\$	150.00				2019-09-11	1010244
				2019 2019 Gras: 1-60-6100	\$	150.00				2019-09-11	1010255
				2019 2019 Gras: 1-60-6100	\$	160.00				2019-03-25	1009976
				2019 2019 Gras: 1-60-6100	\$	160.00				2019-03-25	1009977
				2019 2019 Gras: 1-60-6100	\$	160.00				2019-09-11	1010257
				2019 2019 Gras: 1-60-6100	\$	168.00				2019-09-11	1010241
				2019 2019 Gras: 1-60-6100	\$	200.00				2019-09-11	1010258
				2019 2019 Gras: 1-60-6100	\$	204.00				2019-09-11	1010239
				2019 2019 Gras: 1-60-6100	\$	240.00				2019-09-11	1010261
				2019 2019 Gras: 1-60-6100	\$	300.00				2019-09-11	1010249
				2019 2019 Gras: 1-60-6100	\$	300.00				2019-09-11	1010264
				2019 2019 Gras: 1-60-6100	\$	350.00				2019-09-11	1010243
				2019 2019 Gras: 1-60-6100	\$	355.00				2019-03-18	1009972
				2019 2019 Gras: 1-60-6100	\$	390.00				2019-09-11	1010262
				2019 2019 Gras: 1-60-6100	\$	400.00				2019-09-11	1010250
				2019 2019 Gras: 1-60-6100	\$	400.00				2019-09-11	1010253
				2019 2019 Gras: 1-60-6100	\$	436.00				2019-03-25	1009975
				2019 2019 Gras: 1-60-6100	\$	436.00				2019-09-11	1010240
				2019 2019 Gras: 1-60-6100	\$	450.00				2019-09-11	1010305 Duplicate of: 1010269
				2019 2019 Gras: 1-60-6100	\$	500.00				2019-09-11	1010251
				2019 2019 Gras: 1-60-6100	\$	500.00				2019-09-11	1010260
				2019 2019 Gras: 1-60-6100	\$	500.00				2019-09-11	1010267
				2019 2019 Gras: 1-60-6100	\$	529.00				2019-09-11	1010270
				2019 2019 Gras: 1-60-6100	\$	600.00				2019-09-11	1010256
				2019 2019 Gras: 1-60-6100	\$	604.00				2019-09-11	1010273
				2019 2019 Gras: 1-60-6100	\$	688.00				2019-03-25	1009978
				2019 2019 Gras: 1-60-6100	\$	688.00				2019-09-11	1010242
				2019 2019 Gras: 1-60-6100	\$	750.00				2019-09-11	1010272
				2019 2019 Gras: 1-60-6100	\$	800.00				2019-10-03	1010301
				2019 2019 Gras: 1-60-6100	\$	850.00				2019-09-11	1010275
				2019 2019 Gras: 1-60-6100	\$	875.00				2019-09-11	1010246
				2019 2019 Gras: 1-60-6100	\$	899.00				2019-09-10	1010237
				2019 2019 Gras: 1-60-6100	\$	900.00				2019-09-11	1010252
				2019 2019 Gras: 1-60-6100	\$	950.00				2019-09-11	1010266
				2019 2019 Gras: 1-60-6100	\$	1,200.00				2019-09-11	1010276
				2019 2019 Gras: 1-60-6100	\$	1,500.00				2019-09-11	1010248
				2019 2019 Gras: 1-60-6100	\$	1,688.00				2019-09-11	1010259
				2019 2019 Gras: 1-60-6100	\$	1,712.00				2019-09-11	1010271
				2019 2019 Gras: 1-60-6100	\$	1,850.00				2019-05-24	1010050
				2019 2019 Gras: 1-60-6100	\$	1,935.00				2019-09-11	1010274
				2019 2019 Gras: 1-60-6100	\$	2,400.00				2019-03-25	1009974
				2019 2019 Gras: 1-60-6100	\$	3,185.00				2019-09-11	1010265
				2019 2019 Gras: 1-60-6100	\$	3,450.00				2019-09-11	1010268
				2019 2019 Gras: 1-60-6100	\$	3,800.00				2019-09-11	1010263
Total								38,824.00			

Donation in
kind:

20

Tennis Canada Directors		
Name	Contact	Email
Ms. Jennifer Bishop Tennis Canada Chair		
Mr. Derrick Rowe Tennis Canada Past Chair		
Mr. Michael Downey Tennis Canada CEO		
Mr. Mike Tevlin Tennis Canada Director		
Mr. Sebastien LeBlanc Tennis Canada Director President and Chief Operating Officer		
Penny Ballem Tennis Canada Director		
Mr. Sam Sebastian Tennis Canada Director		

Tennis Canada Directors		
Name	Contact	Email
Mr. Richard Harris Tennis Canada Director Partner		
Mrs. Marcia Jackson Tennis Canada Director		
Mr. Matthew Akman Tennis Canada Director		
Mrs. Josée Noiseux Tennis Canada Director		
Mr. Peter Kruyt Tennis Canada Director		

