

## Registered Canadian Amateur Athletic Association Information Return

### Identification

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

Return for fiscal period ending

2	0	2	1	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

Complete the Identification area.

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

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.

- Attach a list of the names, addresses, and occupations or lines of business of the association's current directors.
- 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

RECEIVED/REÇU

Form authorized by the Minister of National Revenue.

**NCR MAILROOM  
# 112**

**CISD**

**SALLE DU COURRIER  
RCN**

**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. \$ 1,248,436

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. *attached* 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, Peter Kruyt

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.)

Position with the association

President &amp; CEO

Position with the association

Chair of the Board

**RCAA:**

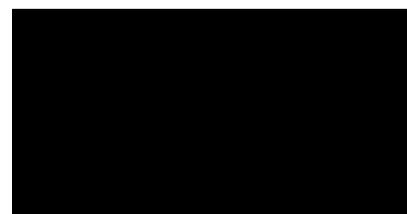
Personal information is collected under the authority of the Income Tax Act and is used to establish and validate the identity and contact information of directors, trustees, officers and/or like officials and authorized representatives of the organization. This information will also be used as a basis 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.



## 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, 2021
- 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, 2021, 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

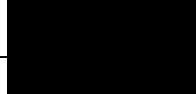
## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 14,391,550	\$ 8,686,599
Restricted cash (note 2)	78,960	129,655
Short-term investments	148,082	87,834
Accounts receivable and other deposits	4,911,903	1,584,116
Inventory	29,754	17,742
	<u>19,560,249</u>	<u>10,505,946</u>
Other assets (note 3)	1,109,769	1,173,173
Capital assets (note 4)	28,266,226	29,360,003
	<u>\$ 48,936,244</u>	<u>\$ 41,039,122</u>
<b>Liabilities and Fund Balances</b>		
Current liabilities:		
Line of credit (note 5)	\$ -	\$ 420,000
Accounts payable and accrued liabilities (note 6)	4,417,175	3,412,120
Current portion of deferred revenue (note 7)	10,610,042	16,636,318
Current portion of deferred capital contributions (note 8)	377,981	377,981
	<u>15,405,198</u>	<u>20,846,419</u>
Deferred revenue (note 7)	4,652,427	4,843,280
Deferred capital contributions (note 8)	10,677,962	11,055,943
Asset retirement obligation (note 9)	528,291	498,028
Fund balances:		
Invested in capital assets and other assets	18,320,050	19,099,251
Externally restricted fund	78,960	129,655
Internally restricted fund	9,323,784	2,432,869
Unrestricted	(10,050,428)	(17,866,323)
	<u>17,672,366</u>	<u>3,795,452</u>
Commitments and guarantee (note 11)		
Subsequent event (note 17)		
	<u>\$ 48,936,244</u>	<u>\$ 41,039,122</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, 2021, with comparative information for 2020

	Unrestricted	Externally restricted fund	Total	2021	2020
<b>Revenue:</b>					
Canadian Open events	\$ 41,651,133	\$ —	\$ 41,651,133	\$ 6,322,097	
Sport Canada funding	2,036,252	—	2,036,252	1,338,275	
Other tournaments	3,000	—	3,000	317,396	
Toronto facility rentals	970,386	—	970,386	430,852	
Tennis development	2,391,041	—	2,391,041	1,264,335	
Fundraising	2,010,922	—	2,010,922	1,658,677	
Special events	—	—	—	(8,925)	
Membership fees	10,000	—	10,000	10,000	
Amortization of deferred capital contributions	—	377,981	377,981	377,981	
Support service revenue	124,412	—	124,412	9,196	
Interest (net)	34,762	—	34,762	36,439	
Donations	—	37,250	37,250	91,000	
Government assistance (note 14)	3,567,590	—	3,567,590	3,050,756	
Other income	284,640	—	284,640	614,594	
	53,084,138	415,231	53,499,369	15,512,673	
<b>Expenses:</b>					
Canadian Open events	24,861,144	—	24,861,144	6,567,797	
Facility development	—	87,945	87,945	80,250	
Tennis development programs	8,986,665	9,085	8,995,750	7,169,296	
Other tournaments	1,308,919	—	1,308,919	1,278,976	
General administration and communications	5,310,622	—	5,310,622	4,507,669	
Toronto facility operational costs	1,676,051	—	1,676,051	1,522,529	
Annual and committee meetings	75,579	—	75,579	11,188	
Special events	42,944	—	42,944	(3,621)	
Fundraising	741,288	—	741,288	473,085	
Donations disbursed	351,237	—	351,237	512,436	
Accretion expense on asset retirement obligation	30,263	—	30,263	28,550	
Loss on foreign exchange	17,791	—	17,791	97,349	
Provision for (recovery of) due from related party	(5,854,790)	—	(5,854,790)	599,043	
	37,547,713	97,030	37,644,743	22,844,547	
Excess (deficiency) of revenue over expenses before the undernoted	15,536,425	318,201	15,854,626	(7,331,874)	
Amortization of capital and other assets	—	(1,977,712)	(1,977,712)	(2,134,942)	
Excess (deficiency) of revenue over expenses	\$ 15,536,425	\$ (1,659,511)	\$ 13,876,914	\$ (9,466,816)	

See accompanying notes to financial statements.

# CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

## Statement of Changes in Fund Balances

Year ended December 31, 2021, with comparative information for 2020

	Restricted funds			2021		2020	
	Unrestricted (note 1(a)(ii))	Internally restricted fund	Externally restricted fund	Invested in capital assets and other assets	Total	Total	
Fund balances, beginning of year	\$ (17,866,323)	\$ 2,432,869	\$ 129,655	\$ 19,099,251	\$ 3,795,452	\$ 13,262,268	
Excess (deficiency) of revenue over expenses	15,536,425	(9,085)	(50,695)	(1,599,731)	13,876,914	(9,466,816)	
Capital assets and other assets acquired	(820,530)	-	-	820,530	-	-	
Interfund transfer	(6,900,000)	6,900,000	-	-	-	-	
Fund balances, end of year	<u>\$ (10,050,428)</u>	<u>\$ 9,323,784</u>	<u>\$ 78,960</u>	<u>\$ 18,320,050</u>	<u>\$ 17,672,366</u>	<u>\$ 3,795,452</u>	

See accompanying notes to financial statements.

# CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
<b>Cash provided by (used in):</b>		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 13,876,914	\$ (9,466,816)
Items not involving cash:		
Amortization of capital and other assets	1,977,712	2,134,942
Amortization of deferred capital contributions	(377,981)	(377,981)
Provision for (recovery of) due from related party	(5,854,790)	599,043
Accretion expense on asset retirement obligation	30,263	28,550
Change in non-cash operating working capital:		
Accounts receivable and other deposits	(3,327,786)	2,550,914
Inventory	(12,012)	1,808
Accounts payable and accrued liabilities	1,005,053	(3,801,782)
Deferred revenue	(6,217,129)	8,669,724
	1,100,244	338,402
Financing activities:		
Restricted cash	50,695	(10,750)
Line of credit	(420,000)	300,000
	(369,305)	289,250
Investing activities:		
Purchase of capital assets	(820,530)	(284,252)
Due from related party	5,854,790	(599,043)
Short-term investments	(60,248)	34,079
	4,974,012	(849,216)
Increase (decrease) in cash	5,704,951	(221,564)
Cash, beginning of year	8,686,599	8,908,163
<b>Cash, end of year</b>	<b>\$ 14,391,550</b>	<b>\$ 8,686,599</b>

See accompanying notes to financial statements.

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

## Notes to Financial Statements

Year ended December 31, 2021

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 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:

	2021	2020
Rain insurance reserve for Canadian Open Toronto	\$ 167,868	\$ 167,868
Pre-capital reserve fund	291,425	300,510
Other internal restricted reserve fund	6,900,000	—
Reserve fund for tennis development	1,964,491	1,964,491
	<hr/>	<hr/>
	\$ 9,323,784	\$ 2,432,869

(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, 2021

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## 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, 2021

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## 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:

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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%

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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, 2021

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## 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, 2021

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## 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, 2021

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## 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. If the benefit period is not specifically listed in the agreement, investments are amortized according to the related capital asset policy in the Association.

Year of origin	Cost	Accumulated amortization	2021		2020	
			Net book value	Net book value	Net book value	Net book value
Halifax, Nova Scotia						
2018	\$ 500,000	\$ 17,856	\$ 482,144	\$ 494,048		
Other	32,626	—	32,626	32,626		
Calgary, Alberta						
2015	500,000	208,335	291,665	333,332		
Truro, Nova Scotia						
2013	200,000	60,000	140,000	144,000		
Fredericton, New Brunswick						
2012	250,000	86,666	163,334	169,167		
			\$ 1,482,626	\$ 372,857	\$ 1,109,769	\$ 1,173,173

# CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 4. Capital assets:

	Cost	Accumulated amortization	2021	2020
			Net book value	Net book value
Stadium and Centre of Excellence	\$ 40,046,640	\$ 16,823,818	\$ 23,222,822	\$ 24,017,073
Events equipment	6,965,638	5,798,063	1,167,575	1,165,179
Office furniture	837,503	641,434	196,069	206,750
Computer and office equipment	3,907,542	3,632,772	274,770	200,147
Leasehold improvements	10,469,747	7,245,256	3,224,491	3,580,855
Tennis court air structure	440,626	260,127	180,499	189,999
	<b>\$ 62,667,696</b>	<b>\$ 34,401,470</b>	<b>\$ 28,266,226</b>	<b>\$ 29,360,003</b>

## 5. Line of credit:

In 2021, the Association is also the co-borrower for a demand loan of \$6,250,000 advanced to Tennis Canada-Stade Jarry ("Stade Jarry"), a related party of the Association. The loan is a one year term loan and payments are amortized over 54 months starting 2022. The full amount of the loan is currently presented in Stade Jarry's financial statements as a current liability. (note 10).

Under the new agreement entered in June 2021, the Association has available a \$13,750,000 operating credit facility bearing interest at the lender's prime rate plus 1.75% per annum, due on demand.

Pursuant to the agreement, the Association and Tennis Canada - Stade Jarry ("Stade Jarry") are required to comply with certain qualitative and financial covenants on a combined basis:

- (a) a combined EBITDA of (\$11,500,000) as at December 31, 2020, (\$5,500,000) as at December 31, 2021 and \$1,000,000 as at December 31, 2022.

# CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 5. Line of credit (continued):

(b) various negative covenants including obtaining written consent of the Bank related to any material changes in the nature of operations, including amalgamations, contracting debts unless subordinated to the new credit facility, grant advance to certain related parties outside the normal course of business and provision of assistance to third parties or invest therein exceeding \$500,000 per year.

Major security on a combined basis includes:

- (a) a first-ranking security agreement over all present and future receivables registered in Ontario,
- (b) universal hypothec of \$13,560,000 on all movable and immovable property, - movable hypothec of \$20,700,000 on all movable and immovable property,
- (c) rider designating the Bank as beneficiary of the proceeds of property insurance policies, - loan guarantee certificate issued in favor of the Bank by Export Development Canada ("EDC") guaranteeing 80% of the credit facility provided.

As at year end, the Association has drawn nil (2020 - \$420,000) from the line of credit.

## 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances receivable of nil (2020 - (\$64,878)), which includes amounts (receivable) payable for harmonized sales tax/Quebec sales tax.

# CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 7. Deferred revenue:

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

	2021	2020
Canadian Open	\$ 10,693,948	\$ 17,421,721
Facility maintenance	3,000,000	3,000,000
Program support	1,568,521	1,057,877
	15,262,469	21,479,598
Less current portion	10,610,042	16,636,318
	<hr/> \$ 4,652,427	<hr/> \$ 4,843,280

## 8. Deferred capital contributions:

	2021	2020
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	8,455,563	8,077,582
Current portion	377,981	377,981
	8,833,544	8,455,563
	<hr/> \$ 10,677,962	<hr/> \$ 11,055,943

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

### Notes to Financial Statements (continued)

Year ended December 31, 2021

#### 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, 2020	\$ 498,028
Accretion expense	30,263
<u>Balance, December 31, 2021</u>	<u>\$ 528,291</u>

# CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 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:

	2021	2020
Financial position:		
Total assets	\$ 21,196,504	\$ 21,644,552
Total liabilities	27,315,923	27,656,837
Fund balances	\$ (6,119,419)	\$ (6,012,285)
Results of operations:		
Total revenue	\$ 5,300,723	\$ 4,461,867
Total expenses	5,407,857	5,386,611
Deficiency of revenue over expenses	\$ (107,134)	\$ (924,744)
Cash flows:		
Cash provided by operating activities	\$ 1,437,941	\$ 587,591
Cash used in investing activities	(386,347)	(819,111)
Cash provided by financing activities	111,199	287,308
Increase in cash	\$ 1,162,793	\$ 55,788

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

	2021	2020
Charges from Stade Jarry:		
Rent of facility	\$ 395,000	\$ 395,000
Charges to Stade Jarry:		
Staff, event and administrative expenses	459,828	1,548,043

# CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 10. Related party transactions (continued):

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

	2021	2020
Renovations 2002	\$ 700,000	\$ 700,000
Construction 1996	150,000	150,000
<u>Sponsorship and operating</u>	<u>7,923,451</u>	<u>13,778,241</u>
	8,773,451	14,628,241
Less allowance for doubtful account	(8,773,451)	(14,628,241)
	\$ -	\$ -

As at December 31, 2021, \$8,773,451 (2020 - \$14,628,241) 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. During the year, Stade Jarry did obtain external financing and has paid \$5,854,790 to the Association. As the related party balance has been fully provided for, the payment is recorded as a recovery in the statement of operations.

The transactions are measured at the 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, 2021

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## 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 land that was used to build the Toronto Stadium.

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:

2022	\$ 754,239
2023	749,581
2024	729,094
2025	702,010
2026	700,832
Thereafter	2,650
	<hr/> \$ 3,638,406

(b) Stade Jarry entered into loans with the [REDACTED] in 2011, 2019 and 2021 to fund the renovations to the Montreal Tennis Centre and Stadium 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 which as at December 31, 2021, Stade Jarry has recorded an amount owing of \$9,293,301.

## 12. General support expenses:

Human resources and overhead costs of \$1,341,147 (2020 - \$1,341,147) have been allocated as follows:

	2021	2020
Canadian open events	\$ 950,405	\$ 950,405
Tennis development programs	390,742	390,742
	<hr/> \$ 1,341,147	\$ 1,341,147

# CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 13. Sport Canada funding agreement:

Revenue and expenses incurred under the Sport Canada funding agreement for the period from January 1, 2021 to March 31, 2021 and April 1, 2020 to December 31, 2020 are as follows:

	Period from January 1, 2021 to March 31, 2021	Period from April 1, 2020 to December 31, 2020
Revenue:		(Unaudited)
PCH Funding	\$ 703,675	\$ 1,172,725
Expenses:		
Mainstream Programs:		
Contribution Blocks - Core:		
Administration	28,714	163,028
Governance	—	536
Staff salaries	306,117	1,035,415
Coaching salaries and professional development	107,554	363,794
National team programs	291,195	988,238
Official languages	11,776	70,118
Operations and programming	103,993	325,393
Enhanced excellence	119,421	157,843
Next generation	6,779	225,712
Above-reference	30,423	79,227
	1,005,972	3,409,304
Programs for Athletes with disability:		
Contribution Blocks - Core:		
Administration	880	3,704
Staff salaries	17,604	56,192
Coaching salaries and professional development	1,320	4,385
National team programs	14,968	34,258
Official languages	4,950	14,850
Operations and programming	13,203	43,644
Next generation	4,401	14,048
	57,326	171,081
	\$ (359,623)	\$ (2,407,670)

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

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## **14. Government assistance:**

Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy, Canadian Emergency Rental Subsidy and Canadian Recovery Hiring Program to assist organizations who had lost a certain percentage of their eligible revenue. During the year December 31, 2021, the Association eligible claims totalling \$3,567,590 (2020 - \$3,050,756) which have been recognized as government subsidies on the statement of operations. As at December 31, 2021, \$1,153,326 (2020 - \$892,837) is included in accounts receivable with respect to claims filed but not yet received.

## **15. 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.

## **16. Comparative information:**

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

# CANADIAN TENNIS ASSOCIATION - ASSOCIATION CANADIENNE DE TENNIS

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 17. Subsequent event:

In March 2022, the Association entered into agreements with the Federal Economic Development Agency for South Ontario and Federal Economic Development Agency for Quebec to receive support for the Association's two major events, namely [REDACTED] Open in Montreal and Toronto for certain eligible expenses incurred in the period from April 1, 2021 to March 31, 2023.

The support is part of the Major Festivals and Events Support Initiatives established by the Federal government to help major, recurring festivals and events to survive, adapt to the COVID-19 pandemic and better position for post-pandemic economic recovery and growth.

Total funds that the Association will receive in fiscal 2023 for Canadian Open, namely [REDACTED] Open, are estimated at approximately \$20M for the events in the two cities combined.

## Tennis Canada Board of Directors Contact Information

Updated - May 16, 2022

### Tennis Canada

Address:  
[REDACTED] Stadium  
1 Shoreham Drive, Suite 100  
Toronto, ON M3N 3A6

### Tennis Canada Directors

Name	Contact	Email
Mr. Peter Kruty Tennis Canada Chair	[REDACTED]	[REDACTED]
Ms. Jennifer Bishop Tennis Canada Past Chair	[REDACTED]	[REDACTED]
Mr. Michael Downey Tennis Canada CEO	[REDACTED]	[REDACTED]
Mr. Sebastien LeBlanc Tennis Canada Director	[REDACTED]	[REDACTED]
Dr. Penny Ballem Tennis Canada Director	[REDACTED]	[REDACTED]
Mr. Sam Sebastian Tennis Canada Director	[REDACTED]	[REDACTED]
Mr. Richard Harris Tennis Canada Director	[REDACTED]	[REDACTED]

[REDACTED]

**Tennis Canada Directors**

Name	Contact	Email
Mr. Matthew Akman Tennis Canada Director	[REDACTED]	[REDACTED]
Mrs. Josée Noiseux Tennis Canada Director	[REDACTED]	[REDACTED]
Mr. Jordan Jacobs Tennis Canada Director	[REDACTED]	[REDACTED]
Ms. Lucie Blanchet Tennis Canada Board Observer	[REDACTED]	[REDACTED]
Mr. Mohamed Ismath Tennis Canada Director	[REDACTED]	[REDACTED]
Ms. Ula Ubani Tennis Canada Director	[REDACTED]	[REDACTED]
Mr. James (Jamie) Bagnell	[REDACTED]	[REDACTED]

## **Tennis Canada 2021 requirements in the instructions**

### Explanation regarding question 5 under Instructions

Person authorized to issue official receipts during 2021:

Michael Downey, President & CEO

### Explanation regarding question 6 under Instructions:

To replace a lost tax receipt, our organization issues a replacement receipt containing all required donation and organization information. The replacement receipts will automatically override any previous tax receipts issued for the contribution in our donor database and will note on both the replacement receipt and in our records that the replacement receipt supersedes all others issued previously, listing the number(s) of any other receipts issued prior.

Additionally, should a consolidated tax receipt listing all donations received from a donor in a tax year, the consolidated receipt will note that it supersedes and cancels any individual receipts or prior consolidated receipts issued previously. This process also automatically notes the override in our system.

## **Tennis Canada 2021 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_last name_last company_ acct_id	order_nun	fund_nam	drive_year	fund_desc
29463 [REDACTED]	21AUCNTL	2021	2021 Auction - Encan	
29462 [REDACTED]	21AUCNTL	2021	2021 Auction - Encan	

campaign_ campaign_	total_receh	comments	cust_donation_info_4
271 2021 Even	\$ 500.00	[REDACTED]	Auction - In-Kind Donation
271 2021 Even	\$ 900.00	[REDACTED]	Auction - In-Kind Donation

cust_donation_info_5	cust_donation_info_10
Ultimate Dining Gift Pack	2021-12-01
[REDACTED] "King and S	2021-09-15

\$ 1,400.00

In kind Donation

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