

**SIR WINSTON CHURCHILL PARK TENNIS CLUB**  
**FINANCIAL STATEMENTS**  
**AS AT NOVEMBER 30, 2021**

**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT****TO THE MEMBERS OF SIR WINSTON CHURCHILL PARK TENNIS CLUB**

We have reviewed the accompanying financial statements of Sir Winston Churchill Park Tennis Club which comprise of the statement of financial position as at November 30, 2021 and September 30, 2021, and the statements of changes in net assets, operations and cash flow for the two months ended November 30, 2021, and the twelve months ended September 30, 2021, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

**Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Sir Winston Churchill Park Tennis Club as at November 30, 2021 and September 30, 2021, and the results of its operations and cash flow for the two months ended November 30, 2021, and the twelve months ended September 30, 2021, in accordance with Canadian accounting standards for not-for-profit organizations.

*Stavreff & Associates*  
*Professional Corporation*

Toronto, Ontario  
January 31, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANT

**SIR WINSTON CHURCHILL PARK TENNIS CLUB**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT NOVEMBER 30, 2021**  
**WITH COMPARATIVE FIGURES AS AT SEPTEMBER 30, 2021**  
(unaudited)

**ASSETS**

	November 30, <u>2021</u>	September 30, <u>2021</u>
<b>Current Assets</b>		
Cash	\$ 51,485	\$ 236,093
Guaranteed Investment Certificates - Notes 1(f), 2	65,000	-
HST receivable	-	906
Inventory	<u>1,000</u>	<u>1,200</u>
	117,485	238,199
<b>Non-Current Guaranteed Investment Certificates - 1(f), 2</b>	250,073	150,073
<b>Property and Equipment - Note 3</b>	<u>115,244</u>	<u>116,245</u>
	<u>\$ 482,802</u>	<u>\$ 504,517</u>

**LIABILITIES**

<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 10,477	\$ 21,544
HST payable	<u>44</u>	<u>-</u>
	<u>10,521</u>	<u>21,544</u>

**NET ASSETS**

<b>Members' Equity</b>		
Invested in General Fund	467,416	478,108
Invested in Restricted Project Fund	<u>4,865</u>	<u>4,865</u>
	<u>472,281</u>	<u>482,973</u>
	<u>\$ 482,802</u>	<u>\$ 504,517</u>

APPROVED BY THE BOARD

\_\_\_\_\_ DIRECTOR

\_\_\_\_\_ DIRECTOR

The accompanying notes form an integral part of these financial statements. See Review Engagement Report dated January 31, 2022.

**SIR WINSTON CHURCHILL PARK TENNIS CLUB**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE TWO MONTHS ENDED NOVEMBER 30, 2021**  
WITH COMPARATIVE FIGURES FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2021  
(unaudited)

**RESTRICTED PROJECT FUND**

	2 months ended November 30, <u>2021</u>	12 months ended September 30, <u>2021</u>
<b>Balance</b> , beginning of period	\$ 4,865	\$ 33,481
<b>Transfer to General Fund</b>	<u>-</u>	<u>(28,616)</u>
<b>Balance</b> , end of period	<u>\$ 4,865</u>	<u>4,865</u>

**GENERAL FUND**

	2 months ended November 30, <u>2021</u>	12 months ended September 30, <u>2021</u>
<b>Balance</b> , beginning of period	\$ 478,108	\$ 438,388
<b>(Deficiency) Excess of Revenues over Expenses</b>	(10,692)	11,104
<b>Transfer from Restricted Project Fund</b>	<u>-</u>	<u>28,616</u>
<b>Balance</b> , end of period	<u>\$ 467,416</u>	<u>\$ 478,108</u>

The accompanying notes form an integral part of these financial statements. See Review Engagement Report dated January 31, 2022.

**SIR WINSTON CHURCHILL PARK TENNIS CLUB**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2021**  
**WITH COMPARATIVE FIGURES FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2021**  
(unaudited)

	2 months ended November 30, <u>2021</u>	12 months ended September 30, <u>2021</u>
<b>Revenues</b>		
Memberships	\$ -	\$ 127,135
Clinics	965	109,832
Merchandise and snack bar	2,830	23,434
Guest fees and other income	2,290	16,894
Investment income	-	9,419
Tournament and ladder fees	<u>-</u>	<u>4,959</u>
	<u>6,085</u>	<u>291,673</u>
<b>Expenses</b>		
Tennis professional fees - Note 4	-	122,248
Staff costs	9,891	73,515
Clubhouse	1,223	8,130
Courts	144	2,506
Administration	22	8,189
Programs and tournaments	-	1,819
Teams	214	1,282
Permits and membership fees	-	10,240
Merchandise and snack bar	1,615	20,141
Professional fees	2,000	9,190
Stringing	396	3,550
Website	-	2,766
Insurance	-	1,661
Amortization	1,001	6,016
Interest and bank charges	<u>271</u>	<u>9,316</u>
	<u>16,777</u>	<u>280,569</u>
<b>(Deficiency) Excess of Revenues over Expenses</b>	<b>\$ <u>(10,692)</u></b>	<b>\$ <u>11,104</u></b>

The accompanying notes form an integral part of these financial statements. See Review Engagement Report dated January 31, 2022.

**SIR WINSTON CHURCHILL PARK TENNIS CLUB**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED NOVEMBER 30, 2021**  
**WITH COMPARATIVE FIGURES FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2021**  
(unaudited)

	2 months ended November 30, <u>2021</u>	12 months ended September 30, <u>2021</u>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating Activities</b>		
(Deficiency) Excess of Revenues over Expenses	\$ (10,692)	\$ 11,104
Add back non-cash item: amortization	<u>1,001</u>	<u>6,016</u>
	<u>(9,691)</u>	<u>17,120</u>
Changes in Non-Cash Working Capital Items:		
Decrease in HST receivable	906	1,904
Decrease (increase) in inventory	200	(700)
(Decrease) increase in accounts payable & accrued liab.	(11,067)	15,980
Increase in HST payable	<u>44</u>	<u>-</u>
	<u>(9,917)</u>	<u>17,184</u>
	<u>(19,608)</u>	<u>34,304</u>
<b>Investing Activities</b>		
GIC investments purchased	(165,000)	-
GIC investments redeemed	-	66,017
Property and equipment purchases	<u>-</u>	<u>(28,616)</u>
	<u>(165,000)</u>	<u>37,401</u>
<b>(Decrease) Increase in Cash During Period</b>	(184,608)	71,705
<b>Cash, beginning of period</b>	<u>236,093</u>	<u>164,388</u>
<b>Cash, end of period</b>	<u>\$ 51,485</u>	<u>\$ 236,093</u>

The accompanying notes form an integral part of these financial statements. See Review Engagement Report dated January 31, 2022.

**SIR WINSTON CHURCHILL PARK TENNIS CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE TWO MONTHS ENDED NOVEMBER 30, 2021**  
**WITH COMPARATIVE FIGURES FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2021**  
(unaudited)

The Club is incorporated under the laws of the Province of Ontario as a corporation without share capital to promote, conduct and manage a tennis club. Sir Winston Churchill Park Tennis Club (the Club) was incorporated without share capital in 1965 with a primary objective to promote and maintain an interest in the game of tennis within the community. The Club's mission is to create an environment that fosters maximum participation, skill development and enjoyment through social, casual and competitive tennis. The Club is a non-profit organization under Section 149 (1)(l) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian accounting standards for non-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

**(a) Basis of Accounting and Financial Statement Preparation**

The Club reports revenue and expenses using the accrual basis of accounting, fund accounting and the deferral method of accounting for revenue.

**(b) Fund Accounting**

**Restricted Project Fund**

The restricted project fund reports allocations of membership contributions from the general fund and costs incurred related to major infrastructure improvements. Recently this fund has been used primarily to finance clubhouse renovations.

**Unrestricted Fund**

The general fund reports all membership contributions, interest income and expenses related to the operation and maintenance of the tennis facilities as well as costs related to administering programs, tournaments and social events for the Club's members.

**(c) Revenue Recognition**

Membership contributions are recorded as revenue in the operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. See Note 1(f) for revenue recognition policy for guaranteed investment certificates.

**(d) Interfund Transfers**

Interfund transfers are determined by the board of directors during the annual general meeting and are recorded in the related fund statements as additions or deductions, as applicable.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for non-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses. Management estimates are based on historical experience, current events and actions the company may undertake in its future. Results could differ from those estimates under different assumptions or conditions. Management uses estimates when accounting for items such as accrued liabilities and amortization.

**(f) Guaranteed Investment Certificates**

The Club holds specialized guaranteed investment certificates which offer minimum guaranteed returns plus the potential to earn additional returns based on the performance of a Canadian reference portfolio. Annual interest income reports are provided to the Club annually, but performance updates are not provided to the Club for the equity positions held in these portfolios.

These investments are initially recorded at fair market value and subsequently measured at amortized cost. Interest income is recorded as investment income on an accrual basis, as it is earned. All non-interest investment income is recorded as investment income when the investments are redeemed, when the equity performance of each investment is reported to the Club.

**(g) Inventory**

Inventory is valued at the lower of cost and net realizable value, on a first-in, first-out basis.

**(h) Property and Equipment**

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded based on the estimated useful life for each asset class using the declining balance method with the following rates:

Building	4%
Windscreens	20%

**(i) Contributed Services and Materials**

Directors, club members and community members volunteer their time to assist in the Club's activities. While these services benefit the club considerably, a reasonable estimate of their amount and fair value cannot be made and accordingly, these contributed services are not recognized or disclosed in the financial statements.

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**SIR WINSTON CHURCHILL PARK TENNIS CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Financial Instruments**

The Club initially measures its financial assets and financial liabilities at fair value. It subsequently measures its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, HST receivable, inventory, and guaranteed investment certificates. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**(k) Impairment**

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

**2. FINANCIAL INSTRUMENTS**

The Club is exposed to various risks through its financial instruments. The following analysis presents the Club's exposure to significant risk at the reporting date, November 30, 2021.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk with respect to guaranteed investment certificates is insignificant as they are held in a large financial institutions.

**Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Club is exposed to liquidity rate risk mainly in respect of its accounts payable and accrued liabilities. The Club has sufficient cash on hand at all times to cover any expected or unexpected operating requirements.

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**2. FINANCIAL INSTRUMENTS (Continued)**

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Club is mainly exposed to interest rate risk and other price risk.

*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.

*Other Price Risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Club is exposed to interest rate risk and other price risk on its guaranteed investment certificates. As at November 30, 2021, the Club held six non-current guaranteed investment certificates. One of these GIC's is cashable and is a strictly fixed-interest instrument. The principal amount for this GIC is \$65,000, it has an increasing annual interest rate that starts at 0.05% in the first year and increases to 0.45% for the third year, and its maturity date is October 29, 2024. The other five GIC's are partly fixed-interest instruments and partly equity-based instruments, are not redeemable prior to maturity, and each has a term of 3 to 5 years. The principal amount of these five specialized GIC's totals \$250,000. The principal amounts for each of these investments is guaranteed by BMO Bank of Montreal, and three of these investments have maximum rates of return (of 6%, 10% and 15%). The maturity dates for these investments range from October 13, 2023, to November 21, 2026.

**3. PROPERTY AND EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value Nov 30, 2021</u>	<u>Net Book Value Sep 30, 2021</u>
Building	\$113,345	\$ 6,307	\$107,038	\$107,756
Windscreens	<u>11,790</u>	<u>3,584</u>	<u>8,206</u>	<u>8,489</u>
	<u>\$125,135</u>	<u>\$ 9,891</u>	<u>\$115,244</u>	<u>\$116,245</u>

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**4. TENNIS PROFESSIONAL FEES**

Tennis professional fees for the twelve months ended September 30, 2021 totaling \$122,248 include \$15,464 of costs that had accrued in September 2020, but were not paid until October 2020.

**5. PERMIT FOR USE OF THE FACILITY**

The building used by the Club and the land on which the tennis courts are built are both owned by the City of Toronto. There is no long term lease agreement in place related to the use of these assets, therefore there is no guarantee related to their continued use by the Club. A permit is purchased each year for approximately \$5,000 to \$6,000 which allows the Club to use the facilities from approximately early April to the end of October. The club does not have an automatic right of renewal for this permit. There are certain restrictive conditions inherent in the use of the permit as outlined in the City of Toronto Tennis Policy.

**6. CHANGE OF YEAR END**

Effective in 2021, the Club has changed its fiscal year end from September 30 to November 30. Tennis is still being played regularly into October each year. It is more logical to have a fiscal year end date that occurs during the offseason.