

NORTH YORK WINTER TENNIS CLUB
FINANCIAL STATEMENTS
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members and Directors of
North York Winter Tennis Club

Opinion

We have audited the accompanying financial statements of the **North York Winter Tennis Club** (the "Entity"), which comprise the statement of financial position as at June 30, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **North York Winter Tennis Club** as at June 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (Canadian GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our 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 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.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Toronto, Canada
November 17, 2020

S & W LLP
Chartered Professional Accountants, Licensed Public Accountants

NORTH YORK WINTER TENNIS CLUB
Statement of Financial Position
as at June 30, 2020

| | 2020 | 2019 |
|---|--------------|--------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents (Note 4(a)) | \$ 762,689 | \$ 784,738 |
| Accounts receivable | | |
| Accounts receivable - members | 4,992 | 212,665 |
| Accounts receivable - sundry (Note 11(a)) | 23,336 | - |
| Prepaid expenses | 50,501 | 44,609 |
| Accrued interest receivable (Note 4(d)) | 10,613 | 9,367 |
| Short-term investments (Note 4(b)) | 599,819 | 327,705 |
| | 1,451,950 | 1,379,084 |
| Long-term investments (Note 4(c)) | - | 110,542 |
| Property and equipment (Note 7) | 372,597 | 402,680 |
| TOTAL ASSETS | \$ 1,824,547 | \$ 1,892,306 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 6) | \$ 351,097 | \$ 249,565 |
| HST payable | 8,119 | 50,452 |
| Income taxes payable | 8,985 | 6,161 |
| Deferred membership fees (Note 8(a)) | 210,780 | 260,320 |
| Deferred permanent-court-time (Note 8(b)) | - | 186,388 |
| | 578,981 | 752,886 |
| Long-term debt (Note 10) | 40,000 | - |
| TOTAL LIABILITIES | 618,981 | 752,886 |
| NET ASSETS | | |
| Investment in capital assets | 372,595 | 402,680 |
| Unrestricted net assets | 832,971 | 736,740 |
| | 1,205,566 | 1,139,420 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,824,547 | \$ 1,892,306 |

Approved on behalf of the Board:

_____ Director
 _____ Director

NORTH YORK WINTER TENNIS CLUB
Statement of Changes in Net Assets
For the year ended June 30, 2020

| | Investment in Capital Assets | Unrestricted Net Assets | Total |
|--|---------------------------------|----------------------------|---------------------|
| Balance, July 1, 2018 | \$ 427,431 | \$ 600,453 | \$ 1,027,884 |
| Surplus - excess of revenues over expenses | (69,185) | 180,721 | 111,536 |
| Investment in capital assets | 44,434 | (44,434) | - |
| Balance, as at, June 30, 2019 | <u>\$ 402,680</u> | <u>\$ 736,740</u> | <u>\$ 1,139,420</u> |

| | Investment in Capital Assets | Unrestricted Net Assets | Total |
|---|---|------------------------------------|----------------------------|
| Balance, July 1, 2019 | \$ 402,680 | \$ 736,740 | \$ 1,139,420 |
| Surplus - excess of revenues over expenses | (72,750) | 138,896 | 66,146 |
| Investment in capital assets | 42,665 | (42,665) | - |
| Balance, as at, June 30, 2020 | <u>\$ 372,595</u> | <u>\$ 832,971</u> | <u>\$ 1,205,566</u> |

NORTH YORK WINTER TENNIS CLUB
Statement of Operations
For the year ended June 30, 2020

| | <u>2020</u> | <u>2019</u> |
|---|------------------|-------------------|
| Revenue | | |
| Court time (Note 5(a), 8(b)) | \$ 539,298 | \$ 664,536 |
| Membership fees (Note 8(a)) | 388,830 | 384,967 |
| Lesson and court fees | 97,125 | 107,201 |
| Guest fees | 26,050 | 34,420 |
| Interest income (Note 4(d)) | 20,971 | 14,438 |
| | <u>1,072,274</u> | <u>1,205,562</u> |
| Expenses | | |
| Wages (Note 5(b), 11) | 413,485 | 469,151 |
| Heating and hydro | 135,494 | 153,832 |
| Amortization | 72,750 | 69,185 |
| Maintenance fees | 62,020 | 69,427 |
| Lesson fee expense | 53,685 | 54,006 |
| Employee benefits | 50,996 | 48,752 |
| Insurance | 39,183 | 36,591 |
| Bank charges and merchant fees | 26,272 | 29,293 |
| Bubble erection and dismantling | 31,486 | 37,767 |
| Professional services | 25,412 | 23,899 |
| Office and general expenses | 24,658 | 22,718 |
| Communications | 21,778 | 21,304 |
| Association dues (Note 5(b)) | 15,250 | 15,250 |
| Travel | 12,842 | 12,492 |
| Booking system costs | 9,252 | 9,152 |
| Promotional expense | 1,225 | 4,212 |
| Tournament costs | 903 | 5,034 |
| Consulting fees | - | 5,800 |
| | <u>996,691</u> | <u>1,087,865</u> |
| Excess of revenues over expenses | 75,583 | 117,697 |
| Income taxes (Note 12) | <u>(9,437)</u> | <u>(6,161)</u> |
| Surplus - excess of revenues over expenses | \$ 66,146 | \$ 111,536 |

NORTH YORK WINTER TENNIS CLUB

**Statement of Cash Flows
For the year ended, June 30, 2020**

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Net Inflow (Outflow), From: | | |
| <u>OPERATING ACTIVITIES</u> | | |
| Surplus - excess of revenues over expenses | \$ 66,146 | \$ 111,536 |
| Items Not Effecting Cash: | | |
| Amortization | 72,750 | 69,185 |
| | 138,896 | 180,721 |
| Net Change in Non-cash Working Capital Items: | | |
| Accounts receivable - members | 207,673 | 13,615 |
| Accounts receivable - sundry | (23,336) | 31,637 |
| Accrued interest receivable | (1,245) | (5,012) |
| Prepaid expenses | (5,893) | (6,743) |
| Accounts payable and accrued liabilities | 101,532 | 53,695 |
| HST payable | (42,333) | 4,341 |
| Deferred membership fees | (49,540) | 5,680 |
| Deferred permanent-court-time | (186,388) | (3,710) |
| Income taxes payable | 2,824 | 3,411 |
| | 3,294 | 96,914 |
| Funds provided by operations | 142,190 | 277,635 |
| <u>FINANCING ACTIVITIES</u> | | |
| Long-term government loan received (Note 10) | 40,000 | - |
| Funds provided by financing activities | 40,000 | - |
| <u>INVESTING ACTIVITIES</u> | | |
| Acquisition of property and equipment | (42,665) | (44,434) |
| Net acquisition of investments | (161,574) | 259,420 |
| Funds (used in) provided by investing activities | (204,239) | 214,986 |
| Net (decrease) increase in cash and cash equivalents | (22,049) | 492,621 |
| Cash and cash equivalents, beginning of the year | 784,738 | 292,117 |
| Cash and cash equivalents, end of the year | \$ 762,689 | \$ 784,738 |
| Represented by: | | |
| Cash | \$ 241,283 | \$ 168,902 |
| Cash equivalents (Note 4(a)) | 521,406 | 615,836 |
| Cash and cash equivalents | \$ 762,689 | \$ 784,738 |

See accompanying notes to financial statements.
S & W LLP

NORTH YORK WINTER TENNIS CLUB
Notes to the Financial Statements
For the year ended June 30, 2020

1. Legal form and purpose of the organization

The North York Winter Tennis Club (the "Organization" or "Club") is a local not-for-profit organization, incorporated without share capital in 1990 under the laws of Ontario. The Club promotes the sport of tennis through its operation of covered tennis facilities during the winter season. The Club's offerings include access to and use of the tennis facilities on either a term (membership) or casual basis. In addition, the Club's offerings also include tennis lessons and structured youth tennis programs.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and include the following significant accounting policies:

(a) Fund accounting

Unrestricted net assets: This is a general fund which accounts for current operations and programs as well as the Organization's general operations. Unrestricted contributions (donations and/or grants) and restricted contributions, if any, to be used for operations are reported in this fund.

Investment in capital assets: The unamortized cost of capital assets and the loans to finance acquisition of capital assets are reported in this fund.

(b) Cash and cash equivalents

The Club's policy is to present bank balances under cash and cash equivalents made up of balances that fluctuate frequently from being positive to overdrawn, and term deposits. More specifically, cash and cash equivalents includes: cash on hand, cash deposits held at financial institutions, and term deposits that mature three months from the year-end date.

(c) Property and equipment

Items of property and equipment are recorded at historical cost less accumulated amortization and any impairment loss. Historical cost includes all costs directly attributable to the acquisition. Amortization is accounted for on a straight-line basis over the estimated useful lives of the underlying assets, as follows:

| | |
|-------------------------------------|----------|
| Bubbles, buildings and furnace..... | 12-years |
| Court equipment..... | 5-years |
| Office equipment..... | 5-years |
| Leasehold improvements..... | 5-years |

Donated property and equipment is recorded at estimated fair value at the date of acquisition. If a fair value cannot be reasonably estimated, the donated asset is recorded at nominal value.

NORTH YORK WINTER TENNIS CLUB
Notes to the Financial Statements
For the year ended June 30, 2020

2. Significant accounting policies (continued)

(d) Revenue recognition

The Club follows the deferral method of accounting for membership fees and court time. Restricted contributions are recognized as revenue when the related expenses are incurred and unrestricted contributions are recognized as revenue when received, or when deemed receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Club' main sources of revenues include the following:

- 1) Memberships and Permanent-Court-Time ("PCT")
 - a. **Memberships** - membership fees are recorded as revenues in the year to which the memberships relate.
 - b. **Permanent-Court-Time** - recognized as revenue when the reserved time-slot has been used or otherwise expired at the conclusion of the time-slot.
- 2) **Court fees (members and guests)** - recognized as revenues when the court time has been used by either the member or the guests, after the conclusion of the time-slot.
- 3) **Lesson fees** - revenues for lesson fees are recognized as revenues when the lesson has been provided by the Club to the member.
- 4) **Interest income** - recognized in income on an accrual basis as the income has been earned.

Sales of memberships, permanent-court-time, and lessons prior the Club's fulfillment of its obligations related to the sale are accounted for as deferred revenues until the revenues have been earned through the Club's fulfillment of all obligations.

(e) Donated services

The value of contributed services are recognized in the financial statements only when a fair value can be reasonably estimated, and the services are used in the normal course of operations and would otherwise have been purchased. Although the Club is provided with rent-free occupancy for its operations by the City of Toronto, no amount has been recorded in these financial statements in either the current or prior year due to the inability to make a reasonable determination of the estimated fair value of this rent-free inducement.

The Club may from time-to-time benefit from services in the form of volunteer time. These services are not accounted for in the financial statements due to its inability to make a reasonable determination of the fair value of the expense.

NORTH YORK WINTER TENNIS CLUB
Notes to the Financial Statements
For the year ended June 30, 2020

2. Significant accounting policies (continued)

(f) Income taxes

As a registered not-for-profit ("NPO") organization, the Club is exempt from income taxes on income for its ordinary operations. The Club does, however, generate passive investment income from Guaranteed Investment Certificate holdings which, are subject to taxation. Income taxes are reported using the taxes payable method. Under this method, income tax expense represents the amount of expense as determined by taxation authorities.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are made in the period in which they become known. Actual results could differ from those estimates.

(h) Impairment of long-lived assets

CPAO Section 3063 "Impairment of long-lived assets" requires the assessment of a long-lived asset for impairment whenever event or changes in circumstances indicate its carrying amount is not recoverable and exceeds its fair value. If after this assessment an impairment is identified, an impairment loss is to be recorded into income in the fiscal year in which the impairment was identified.

The Club's long-lived assets consist primarily of plant and equipment. As at the June 30, 2020 fiscal year-end date, there were no indicators of impairment (2019 - no indicators of impairment).

(i) Financial instruments

Financial assets and liabilities are initially measured at fair value. The Club subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market which, are measured at fair value. Changes in fair value are recognized in the statement of operations.

No financial assets subject to fair value revaluation exist.

Financial assets measured at amortized cost: cash and cash equivalents, accounts receivable, prepaid expenses, deposits, and short and long-term investments;

Financial liabilities measured at amortized cost: accounts payable and accrued liabilities, deferred memberships, and deferred permanent-court-time.

NORTH YORK WINTER TENNIS CLUB**Notes to the Financial Statements
For the year ended, June 30, 2020****3. Financial risk factors**

Financial instruments include cash and cash equivalents, accounts receivable, short-term and long-term investments and accounts payable and accrued liabilities. Unless otherwise noted, financial instrument carrying values approximate their fair values due to their short-term nature.

The Club's financial risk exposures related to its financial instruments are summarized below:

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. This risk is concentrated in accounts receivable. Since bad debts have historically been insignificant, credit risk is considered low (2019 - low).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty meeting obligations associated with its financial liabilities. Liquidity risk is primarily concentrated in the Club's accounts payable and accrued liabilities. The Club has a strong positive working capital balance of **\$872,969** (2019 - \$626,198) and, thus, surplus liquidity over and above that which is required to meet its obligations is available. Liquidity risk is therefore considered to be low (2019 - low).

Interest rate risk

Interest rate risk is the risk that the values of financial instruments will fluctuate due to changes in market interest rates. This risk is concentrated primarily within the Club's unsecured line of credit in which interest includes a variable component. Since the Club has not drawn funds from this line of credit in 2020 and in years prior, it is the opinion of management that interest rate risk is low (2019 - low).

Market risk

Market risk is the risk that financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument, its issuer, or factors affecting all instruments traded in the market. This risk is concentrated within the Club's cash equivalents, short-term investments, and long-term investments, all consisting of guaranteed investment certificates. Management is of the opinion that exposure to market risk is low due to the stability and low risk nature of the underlying investments (2019 - low).

Sensitivity analysis

On the basis of its knowledge and experience of the financial markets, management is of the opinion that movements in interest rates which are considered reasonably possible over the twelve-month period following the 2020 fiscal year-end date, will not have a significant and negative impact on its operations. This opinion is based upon the Club being free from current debt and, accordingly, free from the corresponding interest rate risk. Moreover, since the Club does not hold balances in foreign currencies, nor does it have any foreign currency denominated transactions, it is free from any foreign exchange risk. As such, management does not expect the Club to be impacted by movements in foreign exchange rates, as was also the case in the prior year.

NORTH YORK WINTER TENNIS CLUB

Notes to the Financial Statements

For the year ended June 30, 2020

4. Cash equivalents, short-term investments, and long-term investments

(a) Cash and cash equivalents

This balance includes cash equivalents, composed of **\$521,406** (2019 - \$150,000) in guaranteed income certificates ("GICs"). The GICs included in this balance all mature in ninety (90) days or less after the 2020 year-end date and, accordingly, they have been classified as cash equivalents in accordance with the Club's accounting policy detailed in note 2(b). A list of the GICs included in this balance is detailed below:

| Principal Amount | Interest rate per Annum | Maturity Date |
|-----------------------------|------------------------------------|--------------------------|
| \$ 152,029 | 0.30% | July 8, 2020 |
| 151,380 | 0.30% | July 26, 2020 |
| 110,542 | 2.23% | August 2, 2020 |
| 107,455 | 0.30% | September 8, 2020 |
| <u>\$ 521,406</u> | | |

(b) Short-term investments

Included in short-term investments are GICs of **\$599,819** (2019 - \$327,705). The maturity of these GICs is scheduled for a date which is less than twelve-months subsequent to the 2020 fiscal year-end date, but greater than the 90-day threshold required for classification as cash equivalents. Details of the GICs included in this balance are included below:

| Principal Amount | Interest rate per Annum | Maturity Date |
|-----------------------------|------------------------------------|--------------------------|
| \$ 103,986 | 2.10% | October 25, 2020 |
| 116,597 | 2.10% | October 25, 2020 |
| 108,914 | 2.10% | January 3, 2021 |
| 150,000 | 2.15% | January 14, 2021 |
| 17,694 | 1.90% | May 7, 2021 |
| 102,628 | 0.90% | May 17, 2021 |
| <u>\$ 599,819</u> | | |

(c) Long-term investments

This balance consists of **\$nil** (2019 - \$110,542) in GIC investments. The prior year balance included one (1) GIC investment which had a maturity date which was greater than twelve-months after the prior fiscal year-end date and, as such, was classified as a long-term.

NORTH YORK WINTER TENNIS CLUB
Notes to the Financial Statements
For the year ended June 30, 2020

4. Cash equivalents, short-term investments, and long-term investments (continued)

(d) Interest income

Interest income of **\$20,971** (2019 - \$14,438), includes **\$10,613** (2019 - \$9,366) in accrued interest income receivable from the GICs detailed in Note 4(a) to (c) which, as of the 2020 fiscal year-end date, have not matured. The remaining portion represents interest income that was received on GICs that matured during the 2020 fiscal year.

5. Related party transactions and balances

(a) Revenues

- (i) Included in 2020 income are related party revenues totaling **\$61,532** (2019 - \$73,521) generated from the North York Winter Tennis Association ("NYTA"). The NYTA is related by virtue of it having common directors with the Club. \$47,148 (2019 - \$52,808) of the total related party revenues were generated from permanent-court-fee charges, whereas the remaining balance amounting to \$14,384 (2019 - \$20,713) represent general court fee revenues.

(b) Expenses

- (i) Included in wages is **\$38,400** (2019 - \$38,400) in NYTA wages incurred by the Club on behalf of the NYTA.
- (ii) The NYTA charged the Club association dues of **\$15,250** (2019 - \$15,250) during the 2020 fiscal year.

The related party revenue and expense transactions detailed in note 5(a) and (b) occurred in the normal course of operations and, accordingly, have been recorded at the exchange value.

(c) Due to related party

Accounts payable and accrued liabilities includes a **\$15,109** (2019 - \$12,834) balance owing to the NYTA as at the June 30, 2020 fiscal year-end date.

6. Accounts payable and accrued liabilities

The accounts payable and accrued liabilities balance of **\$351,096** (2019 - \$249,565) is composed of payroll liabilities of **\$12,004** (2019 - \$6,240), and a **\$15,109** (2019 - \$12,834) balance owing to the NYTA, a related party organization by virtue of it having common directors with the Club. The remaining balance is made up of vendor trade payables and accrued liabilities.

NORTH YORK WINTER TENNIS CLUB
Notes to the Financial Statements
For the year ended June 30, 2020

7. Property and equipment

| | <u>2020</u> | | | <u>2019</u> |
|------------------------|---------------------|-------------------------------------|---------------------------|---------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> | <u>Net Book Value</u> |
| Bubbles | \$ 864,990 | \$ 807,843 | \$ 57,147 | \$ 71,390 |
| Court equipment | 490,990 | 453,693 | 37,297 | 50,603 |
| Office equipment | 167,310 | 162,387 | 4,923 | - |
| Leasehold improvements | 849,495 | 626,853 | 222,642 | 244,472 |
| Buildings | 265,927 | 240,062 | 25,865 | 36,215 |
| Court surfaces | 24,723 | - | 24,723 | - |
| | <u>\$ 2,663,435</u> | <u>\$ 2,290,838</u> | <u>\$ 372,597</u> | <u>\$ 402,680</u> |

8. Deferred revenues

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| (a) Deferred membership fee income | | |
| Balance, beginning of the year | \$ 260,320 | \$ 254,640 |
| Less: Fees earned in year - '19/20 season (2019 - '18/19) | (260,320) | (254,640) |
| Add: Next season's fees - '20/21 season (2019 - '19/20) | 210,780 | 260,320 |
| Balance, end of the year | <u>\$ 210,780</u> | <u>\$ 260,320</u> |
| (b) Deferred permanent-court-time fees | | |
| Balance, beginning of the year | \$ 186,388 | \$ 190,098 |
| Less: Fees earned in year - '19/20 season (2019 - '18/19) | (186,388) | (190,098) |
| Add: Next season's fees - '20/21 season (2019 - '19/20) | - | 186,388 |
| Balance, end of the year | <u>\$ -</u> | <u>\$ 186,388</u> |

9. Bank line of credit

In 2019, the North York Winter Tennis Club closed its \$300,000 secured operating line of credit with TD Canada Trust and replaced it with a \$150,000 unsecured line of credit issued by the same financial institution, which bears interest at prime plus 3.10%. All encumbrances which had existed on the secured line of credit that was closed were removed by the lender.

The **\$150,000** unsecured line of credit issued in the prior year existed in 2020 and through to the year-end date. During the year, the Club did not draw down on this line of credit and, accordingly, as at the 2020 fiscal year-end date, the line of credit had a balance of **\$nil** (2019 - \$nil). Since the Club did not withdraw funds from this line of credit in the year, interest expense of **\$nil** (2019 - \$nil) was incurred by the Club in 2020.

NORTH YORK WINTER TENNIS CLUB
Notes to the Financial Statements
For the year ended June 30, 2020

10. Long-term debt

During the 2020 fiscal year, the Club received a Canada Emergency Business Account ("CEBA") loan in the amount of **\$40,000** (2019 - \$nil) which had been introduced by the Government of Canada on April 9, 2020. The objective of the CEBA loan was to provide eligible businesses and organizations that were being effected by the economic impacts of the COVID-19 global pandemic with financial support.

The CEBA loan is interest-free, requires no ongoing payments, and if repaid by December 31, 2022, \$10,000 of the total loan amount is forgivable. Since the Club will not be repaying this loan within the twelve month period subsequent to the June 30, 2020 year end date, this loan has been classified as long-term.

11. Government grants

In addition to the program introduced by the Government of Canada that is detailed in Note 10 (above), wage subsidy programs were also introduced.

(a) Canada Emergency Wage Subsidy ("CEWS")

Under this program, eligible organizations are entitled to subsidies of up to seventy-five percent (75%) of the wages it has paid to a maximum of \$847/week per employee, provided that its revenues had decreased by 15-30% in the period when compared to the prior year. Included in the 2020 statement of operation are **\$35,564** (2019 - \$nil) in CEWS wage subsidies which have been accounted for as recoveries within wage expenses. The **\$23,336** (2019 - \$nil) sundry accounts receivable balance is composed entirely of CEWS receivables that had been applied for as of the June 30, 2020 year end date, but received by the Club subsequent to the year-end date.

(b) Temporary Wage Subsidy ("TWS")

Under this program, eligible organizations were entitled to subsidies of up to ten percent (10%) of the gross wages paid by an entity provided that revenues had been impacted by COVID-19. Included in the 2020 statement of operation are **\$5,374** (2019 - \$nil) in TWS wage subsidies which have been accounted for as recoveries within wage expenses.

12. Income taxes

Income generated from active business operations is exempt from income tax by virtue of the Club's not-for-profit status with the Canada Revenue Agency ("CRA"). Non active business income from sources such as investments are subject to tax at a rate of 46.5% (2019 - 46.5%). Interest income generated from the Club's GIC investments is subject to this tax. 2020 income tax on the Club's GIC interest is **\$9,437** (2019 - \$6,161), as indicated in the statement of operations.

NORTH YORK WINTER TENNIS CLUB
Notes to the Financial Statements
For the fiscal year ended June 30, 2020

13. Economic dependence

The North York Winter Tennis Club is economically dependent on the City of Toronto for the following costs which the Club would otherwise incur:

Occupancy costs

The Club operates from property which is situated on land owned by the City of Toronto. The City of Toronto has historically provided the Club with use of the land on a rent-free basis. Use of the land on a rent-free basis continued throughout the 2020 fiscal year, and is also expected to continue for the foreseeable future. The Club is therefore economically dependent upon the City to provide it with rent-free occupancy of this property. Should the City of Toronto's mandates result in occupancy related charges being levied on the Club in the future, such charges would represent significant costs to the Organization.

14. Global health pandemic - COVID-19

On March 11, 2020, the World Health Organization declared a global health pandemic related to the novel coronavirus, COVID-19. The Canadian economy is currently undergoing uncertainties resulting from the impacts of COVID-19. These uncertainties in the economy have and will continue to pose major challenges to the ongoing operations of all not-for-profit organizations. These financial statements do not include estimates associated with the impacts of COVID-19 on the operations of the North York Winter Tennis Club because they cannot be determined reliably as of the date of these financial statements.