Financial Statements of

SUDBURY WINTER TENNIS CLUB

And Independent Auditor’s Report thereon

Year ended June 30, 2025

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sudbury Winter Tennis Club

Opinion

We have audited the financial statements of the Sudbury Winter Tennis Club (the Entity), which comprise:

- the statement of financial position as at June 30, 2025;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, except for the possible effects of the matter described in the ***"Basis for Opinion"*** section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2025, and its results of operations and its cash flows for the year 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Other Matter – Comparative Information

The comparative information as at and for the year ended June 30, 2024 is unaudited. Accordingly, we do not express an opinion on it.

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 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 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 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 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

December 7, 2025

SUDBURY WINTER TENNIS CLUB

Statement of Financial Position

June 30, 2025, with comparative information for 2024

	2025	2024 (unaudited)
Assets		
Current assets:		
Cash - operating	$ 395,090	$ 204,775
Cash - internally restricted	137,600	-
Investments (note 2)	41,046	40,219
Inventory	1,379	1,957
	575,115	246,951
Capital assets (note 3)	298,359	183,497
	$ 873,474	$ 430,448
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 40,762	$ 12,065
Current portion of long term debt (note 5)	39,193	-
	79,955	12,065
Long-term debt (note 5)	235,836	-
Deferred capital contributions (note 6)	24,592	32,497
	340,383	44,562
Net assets:		
Unrestricted	202,303	177,865
Invested in capital assets	330,788	208,021
	533,091	385,886
Commitments (note 8)		
	$ 873,474	$ 430,448

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

SUDBURY WINTER TENNIS CLUB

Statement of Operations

June 30, 2025, with comparative information for 2024

		2025		2024
				(unaudited)
Revenue:				
Service revenues (note 7)	$	477,777	$	420,798
Membership fees		125,793		98,642
Fundraising revenues		39,073		46,518
Merchandise sales		9,803		7,531
Provincial grants		4,000		-
Federal grants		1,779		-
Miscellaneous		4,370		6,986
Amortization of deferred capital contributions		7,905		8,473
		670,500		588,948
Expenses:				
Wages and benefits		370,133		329,921
Utilities		29,997		28,772
Amortization		25,739		26,120
Legal		16,728		-
Merchandise purchases		14,467		16,058
Office expenses		11,036		9,232
Insurance		10,037		5,182
Fundraising expenses		9,452		5,630
Repairs and maintenance		6,377		7,175
Accounting fees		15,987		5,950
POS system fees		5,250		4,756
Interest and bank charges		3,519		90
Telephone and internet		1,723		1,703
Donations		1,433		-
Dues and subscriptions		817		3,634
Advertising and promotion		600		327
		523,295		444,550
Excess of revenue over expenses	$	147,205	$	144,398

See accompanying notes to financial statements.

SUDBURY WINTER TENNIS CLUB

Statement of Changes in Net Assets

June 30, 2025, with comparative information for 2024

	Unrestricted	Invested in Capital Assets	Total 2025	Total 2024
				(unaudited)
Net assets, beginning of year	$ 177,865	$ 208,021	$ 385,886	$ 241,488
Excess (deficiency) of revenue over expenses	165,038	(17,833)	147,205	144,398
Investment in capital assets	(140,600)	140,600	-	-
Net assets, end of year	$ 202,303	$ 330,788	$ 533,091	$ 385,886

See accompanying notes to financial statements.

SUDBURY WINTER TENNIS CLUB

Statement of Changes in Cash Flows

June 30, 2025, with comparative information for 2024

		2025		2024
				(unaudited)
Cash provided by (used in):				
Cash flows from operations:				
Excess of revenue over expenses	$	147,205	$	144,398
Adjustment for:				
Amortization of deferred capital contributions		(7,905)		(8,473)
Amortization of capital assets		25,739		26,120
		165,039		162,045
Change in non-cash operating working capital:				
Acounts receivable		-		13,650
Inventory		578		297
Accounts payable and accrued liabilities		28,696		(2,287)
		194,313		173,705
Cash flows from financing activities:				
Repayment of long-term debt		(3,171)		(40,000)
Issuance of long-term debt		278,200		-
		275,029		(40,000)
Cash flows from investing activities:				
Increase in investments		(827)		(27,969)
Purchase of capital assets		(140,600)		(22,286)
		(141,427)		(50,255)
Increase in cash		327,915		83,450
Cash, beginning of year		204,775		121,325
Cash, end of year	$	532,690	$	204,775
Cash is comprised of:				
Cash - operating		395,090		204,775
Cash - internally restricted		137,600		-
	$	532,690	$	204,775

See accompanying notes to financial statements.

Sudbury Winter Tennis Club (the "Organization") is incorporated without share capital under the laws of the Province of Ontario. The Organization's mission is to promote active living and enhance the social and physical well-being of its members by maintaining an excellent tennis facility and providing affordable tennis to all ages and play levels in a safe, friendly and sporting environment. The Organization is a not-for-profit organization and is exempt from income tax under the Income Tax Act (Canada).

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Revenue recognition:

Fees and service revenues are recognized when fees are earned, services provided, and collection of the relevant receivable is reasonably assured. Amounts received for future services are deferred and recognized when the service is provided.

Operating grants are recorded as revenue in the period to which they relate. Grants relating to future periods are deferred and recognized in the subsequent period in which the related activity occurs.

(b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Method	Rate
Leasehold improvements	Straight-line	4%-10%
Furniture and equipment	Declining-balance	20%
Computer hardware	Declining-balance	30%

One half of the year's amortization is recorded in the year of acquisition. Assets under construction are not amortized until the assets is available for productive use.

1. Significant accounting policies (continued):

(c) Contributed services:

A substantial number of volunteers contribute a significant amount of their time to the Organization each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(d) 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 Organization has not elected to carry any such financial instruments at fair value.

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 Organization 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 Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) 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 affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

2. Investments:

Investments consist of a high-interest savings account held with Manulife, bearing interest at 1.55%.

3. Capital assets:

2025		Cost		Accumulated amortization		Net book value
Leasehold improvements	$	400,136	$	266,552	$	133,584
Furniture and equipment		51,893		34,640		17,253
Computer hardware		19,306		12,384		6,922
Work in progress		140,600		–		140,600
	$	611,935	$	313,576	$	298,359

2024		Cost		Accumulated amortization		Net book value
(unaudited)						
Leasehold improvements	$	400,136	$	248,093	$	152,043
Furniture and equipment		51,893		30,327		21,566
Computer hardware		19,306		9,418		9,888
	$	471,335	$	287,838	$	183,497

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities at June 30, 2025 are government remittances in the amount of $8,630 (2024 - $6,466).

5. Long-term debt:

		2025		2024
				(unaudited)
Desjardins term loan payable, $3,266 monthly including principal and interest, bearing interest at 7.25% monthly, maturing in April 2027	$	275,029	$	–
Less current portion of long-term debt		(39,193)		–
	$	235,836	$	–

5. Long-term debt (continued):

Principal repayments are due as follows:

2026	$	39,193
2027		235,836
	$	275,029

The term loan is secured by a first priority ranking general personal property security securing all of the present and future personal property of the Organization.

6. Deferred capital contributions:

Deferred capital contributions represent unamortized balances of amounts received for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2025	2024 (unaudited)
Balance, beginning of year	$ 32,497	$ 40,970
Amounts taken into income	(7,905)	(8,473)
Balance, end of year	$ 24,592	$ 32,497

7. Service revenues:

Details of the composition of these revenues are as follows:

	2025	2024 (unaudited)
Court fees and league revenues	$ 159,214	$ 154,824
Lesson revenues	91,695	73,452
Junior programs	91,336	78,833
Adult programs	68,920	61,300
Academy fees	66,612	52,389
	$ 477,777	$ 420,798

8. Commitments:

The Organization has entered into a lease agreement with the City of Greater Sudbury (the "City") for its premises commencing on July 1, 2024. The lease is for a term of five years, expiring on June 30, 2029, with options to extend two consecutive times for a period of five years each. The premises was initially leased to the Organization in 1992, on which the Organization constructed a removable air-supported structure for use as an indoor tennis facility. Under the terms of the lease agreement, the Organization is not required to pay any base rent to the City. Upon expiry or termination of the lease, the structure, any systems servicing the structure, all trade fixtures and other improvements to the structure and to the premises shall be vested in the City without any right to compensation on the part of the Organization.

During the term of the lease, the Organization covenants the following, at its own expense:

- To use the leased areas for the operations of an indoor tennis facility open to its members and the general public and for no other purpose except with the written consent of the City.
- To comply with all plans, policies, rules and regulations of general application to the premises which may be established by the City from time to time.
- To comply with any policy implemented by the City from time to time, for conservation of energy and water.
- The Organization will not use any means of heating or cooling the premises other than that provided by or permitted by the City.

The Organization entered into a municipal capital facilities agreement with the City on October 9, 2019, under which the leased premises is deemed a municipal capital facility and is exempt from taxation for municipal and school purposes pursuant to the City By-law 2019-168. This exemption is effective for the period described in Section 3 of the By-law.

9. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no significant change to the risk exposures from 2024.

The Organization believes it is not exposed to significant interest rate, market or credit risk arising from its financial instruments.