

Financial Statements of

SUDBURY INDOOR TENNIS CENTRE

And Independent Auditor's Report thereon

Year ended June 30, 2026



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sudbury Indoor Tennis Centre

Opinion

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

- the statement of financial position as at June 30, 2026;
- 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, 2026, 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.



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.



Page 3

- 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.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

SUDBURY INDOOR TENNIS CENTRE

Statement of Financial Position

June 30, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash - operating	\$ 301,005	\$ 395,090
Cash - internally restricted	-	137,600
Investments (note 2)	41,687	41,046
Accounts receivable	113,511	-
Inventory	-	1,379
	456,203	575,115
Capital assets (note 3)	475,162	298,359
	\$ 931,365	\$ 873,474
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 60,099	\$ 40,762
Deferred revenue	14,925	-
Current portion of long term debt (note 5)	262,217	39,193
	337,241	79,955
Long-term debt (note 5)	47,420	235,836
Deferred capital contributions (note 6)	20,394	24,592
	405,055	340,383
Net assets:		
Unrestricted	381,179	396,753
Invested in capital assets	145,131	136,338
	526,310	533,091
Commitments (note 8)		
Business interruption (note 10)		
Contingency (note 11)		
	\$ 931,365	\$ 873,474

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

SUDBURY INDOOR TENNIS CENTRE

Statement of Operations

Year ended June 30, 2026, with comparative information for 2025

	Unrestricted		Invested in Capital Assets		Total	
	2026	2025	2026	2025	2026	2025
Revenue:						
Service revenues (note 7)	\$ 343,713	477,777	\$ -	-	\$ 343,713	477,777
Membership fees	64,935	125,793	-	-	64,935	125,793
Fundraising revenues	81,996	39,073	-	-	81,996	39,073
Merchandise sales	7,314	9,803	-	-	7,314	9,803
Provincial grants	-	4,000	-	-	-	4,000
Federal grants	3,591	-	-	-	3,591	1,779
Miscellaneous	4,037	4,370	-	-	4,037	4,370
Amortization of deferred capital contributions	-	-	4,198	7,905	4,198	7,905
	505,586	660,816	4,198	7,905	509,784	670,500
Expenses:						
Wages and benefits	329,660	370,133	-	-	329,660	370,133
Utilities	23,153	29,997	-	-	23,153	29,997
Amortization	-	-	67,851	25,739	67,851	25,739
Legal	20,023	16,728	-	-	20,023	16,728
Merchandise purchases	10,243	14,467	-	-	10,243	14,467
Office expenses	8,303	11,036	-	-	8,303	11,036
Insurance	24,236	10,037	-	-	24,236	10,037
Fundraising expenses	19,900	9,452	-	-	19,900	9,452
Repairs and maintenance	33,905	6,377	-	-	33,905	6,377
Accounting fees	21,400	15,987	-	-	21,400	15,987
Consulting fees	25,125	-	-	-	25,125	-
POS system fees	4,464	5,250	-	-	4,464	5,250
Interest and bank charges	612	158	-	-	612	158
Interest on long-term debt	23,202	3,361	-	-	23,202	3,361
Telephone and internet	1,798	1,723	-	-	1,798	1,723
Donations	-	1,433	-	-	-	1,433
Dues and subscriptions	6,048	817	-	-	6,048	817
Academy costs	7,357	-	-	-	7,357	-
Advertising and promotion	2,796	600	-	-	2,796	600
	562,225	497,556	67,851	25,739	630,076	523,295
Excess (deficiency) of revenue over expenses before undernoted item	(56,639)	163,260	(63,653)	(17,834)	(120,292)	147,205
Proceeds from business interruption insurance (note 10)	113,511	-	-	-	113,511	-
Excess (deficiency) of revenue over expenses	\$ 56,872	163,260	\$ (63,653)	(17,834)	\$ (6,781)	147,205

See accompanying notes to financial statements.

SUDBURY INDOOR TENNIS CENTRE

Statement of Changes in Net Assets

June 30, 2026, with comparative information for 2025

	Unrestricted	Invested in Capital Assets	Total 2026	Total 2025
Net assets, beginning of year	\$ 396,753	\$ 136,338	\$ 533,091	\$ 241,488
Excess (deficiency) of revenue over expenses	56,872	(63,653)	(6,781)	145,426
Investment in capital assets	(244,654)	244,654	-	-
Proceeds on issuance of long-term debt	60,000	(60,000)	-	-
Principal repayment of long-term debt	(25,392)	25,392	-	-
Utilization of internally restricted cash	137,600	(137,600)	-	-
Net assets, end of year	\$ 381,179	\$ 145,131	\$ 526,310	\$ 386,914

See accompanying notes to financial statements.

SUDBURY INDOOR TENNIS CENTRE

Statement of Changes in Cash Flows

June 30, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Cash flows from operations:		
Excess of revenue over expenses	\$ (6,781)	\$ 147,205
Adjustment for:		
Amortization of deferred capital contributions	(4,198)	(7,905)
Amortization of capital assets	67,851	25,739
	56,872	165,039
Change in non-cash operating working capital:		
Accounts receivable	(113,511)	-
Inventory	1,379	578
Accounts payable and accrued liabilities	19,337	28,696
Deferred revenue	14,925	-
	(20,998)	194,313
Cash flows from financing activities:		
Repayment of long-term debt	(25,392)	(3,171)
Issuance of long-term debt	60,000	278,200
	34,608	275,029
Cash flows from investing activities:		
Increase in investments	(641)	(827)
Purchase of capital assets	(244,654)	(140,600)
	(245,295)	(141,427)
Increase in cash	(231,685)	327,915
Cash, beginning of year	532,690	204,775
Cash, end of year	\$ 301,005	\$ 532,690
Cash is comprised of:		
Cash - operating	301,005	395,090
Cash - internally restricted	-	137,600
	\$ 301,005	\$ 532,690

See accompanying notes to financial statements.

SUDBURY INDOOR TENNIS CENTRE

Notes to Financial Statements

Year ended June 30, 2026

Sudbury Indoor Tennis Centre (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.

SUDBURY INDOOR TENNIS CENTRE

Notes to Financial Statements (continued)

Year ended June 30, 2026

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.

SUDBURY INDOOR TENNIS CENTRE

Notes to Financial Statements (continued)

Year ended June 30, 2026

2. Investments:

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

3. Capital assets:

2026	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 781,888	\$ 328,495	\$ 453,393
Furniture and equipment	54,785	38,380	16,405
Computer hardware	19,916	14,552	5,364
	\$ 856,589	\$ 381,427	\$ 475,162

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

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities at June 30, 2026 are government remittances in the amount of \$287 (2025 - \$8,630).

SUDBURY INDOOR TENNIS CENTRE

Notes to Financial Statements (continued)

Year ended June 30, 2026

5. Long-term debt:

	2026	2025
Desjardins term loan payable, \$3,266 monthly including principal and interest, bearing interest at 7.25%, maturing in April 2027	\$ 255,125	\$ 275,029
Desjardins term loan payable, \$940 monthly including principal and interest, bearing interest at 8.16%, maturity in September 2026	54,512	–
	309,637	279,029
Less current portion of long-term debt	(262,217)	(39,193)
	\$ 47,420	\$ 235,836

Principal repayments are due as follows:

2027	\$ 262,217
2028	47,420
	\$ 309,637

The term loans are 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:

	2026	2025
Balance, beginning of year	\$ 24,592	\$ 32,497
Amounts taken into income	(4,198)	(7,905)
Balance, end of year	\$ 20,394	\$ 24,592

SUDBURY INDOOR TENNIS CENTRE

Notes to Financial Statements (continued)

Year ended June 30, 2026

7. Service revenues:

Details of the composition of these revenues are as follows:

	2025	2025
Court fees and league revenues	\$ 128,832	\$ 159,214
Lesson revenues	47,403	91,695
Junior programs	56,478	91,336
Adult programs	48,792	68,920
Academy fees	62,208	66,612
	\$ 343,713	\$ 477,777

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.

SUDBURY INDOOR TENNIS CENTRE

Notes to Financial Statements (continued)

Year ended June 30, 2026

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 2025.

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

10. Business interruption:

In March 2026, the Organization experienced the collapse of its tennis facility due to inclement weather conditions. As a result of the collapse, the Organization has experienced a loss of revenue due to the cancellation of programs, lessons and other activities. To the extent that payments were received for memberships and service revenues for the period subsequent to the collapse, these have been recorded deferred revenue pending final resolution of these balances with the Organization's members and customers.

The Organization maintains insurance coverage for both property losses and business interruption. The cost of repairing the tennis facility has been paid directly by the Organization's insurer and are not reflected in the financial statements. The Organization has recorded proceeds from business interruption of \$113,511, which is included in accounts receivable at June 30, 2026. In addition, the Organization has recorded a deductible payable of \$25,000 at June 30, 2026.

The Organization has recommenced operations in October 2026.

11. Contingency:

The Organization is involved a litigation matter involving a claim against the Organization, the final outcome of which cannot be reasonably determined at this time. Any liability or payments resulting from this matter will be recognized in the year when the outcome is reasonable determinable and the amounts involved can be estimated.

12. Comparative figures:

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.