
THE GREEN BELT TENNIS CLUB
Financial Statements
Year Ended August 31, 2018
(Unaudited)

Draft for discussion purposes only

HARRIS RYAN


THE GREEN BELT TENNIS CLUB
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Year Ended August 31, 2018

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of The Green Belt Tennis Club

We have reviewed the accompanying financial statements of The Green Belt Tennis Club which comprise the statement of financial position as at August 31, 2018 and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, 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 for the Financial Statements

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 these financial statements do not present fairly, in all material respects, the financial position of The Green Belt Tennis Club as at August 31, 2018, 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.

St. John's, Newfoundland and Labrador
January 18, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

THE GREEN BELT TENNIS CLUB
Statement of Financial Position
August 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 22,396	\$ 49,590
Accounts receivable	19,053	35,098
Inventory	-	809
Prepaid expenses	10,605	15,229
	52,054	100,726
CAPITAL ASSETS (Note 3)	80,309	104,833
DUE FROM ST. JOHN'S TENNIS ASSOCIATION INC.	20,000	-
	\$ 152,363	\$ 205,559
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 9,747	\$ 45,852
Government remittances payable	10,118	2,854
Deferred income	38,501	47,765
	58,366	96,471
DUE TO RIVERDALE TENNIS CLUB	6,129	-
	64,495	96,471
LEASE COMMITMENTS (Note 6)		
NET ASSETS		
Unrestricted fund	7,559	4,255
Investment in capital assets	80,309	104,833
	87,868	109,088
	\$ 152,363	\$ 205,559

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

THE GREEN BELT TENNIS CLUB
Statement of Changes in Net Assets
Year Ended August 31, 2018

	Unrestricted Fund	Investment in Capital Assets	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 4,255	\$ 104,833	\$ 109,088	\$ 129,343
DEFICIENCY OF REVENUES OVER EXPENSES	3,304	(24,524)	(21,220)	(20,255)
NET ASSETS - END OF YEAR	\$ 7,559	\$ 80,309	\$ 87,868	\$ 109,088

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THE GREEN BELT TENNIS CLUB
Statement of Revenues and Expenditures
Year Ended August 31, 2018

	2018	2017
REVENUES		
Lessons	\$ 147,022	\$ 128,645
Membership	119,973	90,530
Court Rental	62,770	46,832
Donations (Note 5)	6,238	13,471
Other Income	5,020	5,490
Team Tennis	1,548	491
Advertising	855	5,000
Canteen and Pro Shop (net of cost of sales of \$11,253; 2017 - \$7,619)	721	1,425
	344,147	291,884
EXPENSES		
Salaries and benefits	139,106	119,504
Heat and Light	44,980	36,525
Court and club maintenance	40,884	33,700
Coaching services	36,175	35,997
Amortization	24,524	28,706
Insurance	22,148	25,481
Postage, telephone and office supplies	16,532	8,440
Interest and bank charges	13,517	11,469
Tractor Operating	8,940	9,466
Professional fees	7,480	8,536
Club supplies	4,841	2,066
Miscellaneous	2,693	4,653
Trophies and socials	830	2,027
Advertising	803	1,003
Municipal Taxes	580	580
Travel	480	-
Memberships	410	-
Tournaments	348	905
Interest on long term debt	80	280
Supplies	16	-
Bad debts	-	4,121
	365,367	333,459
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(21,220)	(41,575)
OTHER INCOME		
Unusual item	-	21,320
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (21,220)	\$ (20,255)

See notes to financial statements

THE GREEN BELT TENNIS CLUB
Statement of Cash Flows
Year Ended August 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (21,220)	\$ (20,255)
Item not affecting cash:		
Amortization of capital assets	24,524	28,706
	3,304	8,451
Changes in non-cash working capital:		
Accounts receivable	16,045	(16,100)
Inventory	809	421
Accounts payable	(36,105)	19,545
Deferred income	(9,264)	23,540
Prepaid expenses	4,624	190
Due to/from SJTA	(20,000)	-
Government remittances payable	7,264	(153)
Due to/from Riverdale Tennis Club	6,129	-
	(30,498)	27,443
Cash flow from (used by) operating activities	(27,194)	35,894
INVESTING ACTIVITY		
Repayment of loans and notes receivable	-	(17,492)
INCREASE (DECREASE) IN CASH FLOW	(27,194)	18,402
Cash - beginning of year	49,590	31,188
CASH - END OF YEAR	\$ 22,396	\$ 49,590

See notes to financial statements

THE GREEN BELT TENNIS CLUB

Notes to Financial Statements

Year Ended August 31, 2018

(Unaudited)

1. PURPOSE OF THE ORGANIZATION

The Green Belt Tennis Club (the "organization") is a not-for-profit organization incorporated provincially under the Corporations Act of Newfoundland and Labrador.

The organization operates a tennis program on property leased, at a nominal amount, from the City of St. John's. Liability of its members is limited to an amount not exceeding the sum of \$2 each. As a non-profit organization, the organization is not subject to income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Buildings	4% & 6%	straight-line method
Equipment	10%	straight-line method
Computer equipment	25%	straight-line method
Land improvements	4%	straight-line method

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

- a) Revenue from court rentals, team tennis, lessons and other income is recognized when the service is provided.
- b) Revenue derived from the sale of memberships is recognized as income on a straight-line basis over the term of the membership.
- c) Revenue from canteen and pro shop sales is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods.

Deferred revenue

Deferred revenue is comprised of memberships and lesson programs that have been received in advance and relate to the subsequent year's tennis program.

(continues)

THE GREEN BELT TENNIS CLUB

Notes to Financial Statements

Year Ended August 31, 2018

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance

Government job creation, work training or other grants received are recorded as a reduction of the applicable expense.

Measurement uncertainty

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 amount 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 period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land improvements	\$ 5,270	\$ 5,270	\$ -	\$ -
Buildings	835,462	756,754	78,708	102,833
Equipment	44,343	42,742	1,601	1,937
Computer equipment	7,210	7,210	-	63
	\$ 892,285	\$ 811,976	\$ 80,309	\$ 104,833

4. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of August 31, 2018.

(continues)

THE GREEN BELT TENNIS CLUB

Notes to Financial Statements

Year Ended August 31, 2018

(Unaudited)

4. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

5. MEMBER DONATIONS

During a prior year, due to the collapse of the weather dome, members were provided with credits on their membership fees to be used toward upcoming charges. Some members did not wish to honor their credit balances and as a result, the credits were donated back to the club.

6. LEASE COMMITMENTS

The lease agreement with the City of St. John's requires the association to take responsibility for all the costs of maintaining and insuring the property, including resurfacing the tennis courts as required.

The club has entered into a 60 month lease agreement for snow clearing equipment with a monthly payment of \$469 plus HST. The operating lease commenced December 2014 and continues until November 2019.

2019	<u>\$ 938</u>
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7. SUBSEQUENT EVENTS

Subsequent to year-end St. John's Tennis Association Inc. will be responsible for all revenue and costs associated with maintaining The Green Belt Tennis Club and Riverdale Tennis Club.
