

FINANCIAL STATEMENTS
For
OTTAWA TENNIS AND LAWN BOWLING CLUB
For year ended
NOVEMBER 30, 2025

INDEPENDENT AUDITOR'S REPORT

To the members of

OTTAWA TENNIS AND LAWN BOWLING CLUB

Opinion

We have audited the financial statements of Ottawa Tennis and Lawn Bowling Club (the Club), which comprise the statement of financial position as at November 30, 2025, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at November 30, 2025 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Club 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 Club'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 Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club'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 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 Club'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 Club'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 Club 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
March 30, 2026.

OTTAWA TENNIS AND LAWN BOWLING CLUB

STATEMENT OF FINANCIAL POSITION

NOVEMBER 30, 2025

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 445,590	\$ 366,520
Short-term investments (note 4)	921,228	611,599
Accounts receivable	31,770	61,688
Inventory (note 5)	19,609	8,960
Prepaid expenses	<u>7,733</u>	<u>27,413</u>
	1,425,930	1,076,180
LONG-TERM INVESTMENTS (note 4)	-	300,000
TANGIBLE CAPITAL ASSETS (note 7)	<u>3,091,737</u>	<u>3,102,628</u>
	<u>\$ 4,517,667</u>	<u>\$ 4,478,808</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 8)	\$ 59,668	\$ 249,472
Government remittances payable	50,082	50,937
Income tax payable	29,589	-
Deferred revenue (note 9)	<u>448,927</u>	<u>423,494</u>
	588,266	723,903
DEFERRED CAPITAL CONTRIBUTIONS (note 10)	<u>1,211,348</u>	<u>1,261,048</u>
	<u>1,799,614</u>	<u>1,984,951</u>
NET ASSETS		
Operations - unrestricted	383,226	246,429
Capital reserve - internally restricted	454,438	405,848
Invested in tangible capital assets - internally restricted	<u>1,880,389</u>	<u>1,841,580</u>
	<u>2,718,053</u>	<u>2,493,857</u>
	<u>\$ 4,517,667</u>	<u>\$ 4,478,808</u>

Approved by the Board:

..... President

..... Treasurer

(See accompanying notes)

OTTAWA TENNIS AND LAWN BOWLING CLUB

STATEMENT OF OPERATIONS

YEAR ENDED NOVEMBER 30, 2025

	<u>2025</u>	<u>2024</u>
Revenue		
Tennis membership	\$ 762,650	\$ 711,555
Food, beverages, and events	600,997	573,780
Day camps	332,326	309,891
Tennis lessons and programs	192,531	141,620
Pool membership	107,588	102,430
Beach sports	115,662	108,750
Grants	68,736	50,311
Amortization of deferred capital grants (note 10)	64,000	66,992
Capital assessment fees	48,590	52,450
Other revenue	<u>25,913</u>	<u>37,941</u>
	<u>2,318,993</u>	<u>2,155,720</u>
Expenses		
Salaries and benefits	779,711	653,519
Food, beverages, and events	279,663	233,537
Contracted services	214,085	216,383
Professional tennis services	182,034	159,357
Amortization	169,327	166,261
Maintenance and supplies	131,979	107,406
Bank charges and credit card fees	57,523	39,432
Professional fees	45,111	48,435
Property taxes	40,566	39,265
Office	37,386	37,985
Insurance	37,274	34,657
Income tax expense	29,589	-
Miscellaneous	29,210	9,513
Utilities	27,112	23,652
Special events	21,653	5,962
Advertising and promotion	5,403	5,514
Telecommunications	3,932	7,370
Day camps	3,239	5,419
Interest on long-term debt	<u>-</u>	<u>7,942</u>
	<u>2,094,797</u>	<u>1,801,609</u>
Excess of revenue over expenses	<u>\$ 224,196</u>	<u>\$ 354,111</u>

(See accompanying notes)

OTTAWA TENNIS AND LAWN BOWLING CLUB
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED NOVEMBER 30, 2025

	2025				
	Balance, beginning of year	Net purchase of tangible capital assets	Interfund transfers (note 11)	Excess of revenue over expenses	Balance, end of year
Operations	\$ 246,429	\$ (158,436)	\$ 14,300	\$ 280,933	\$ 383,226
Invested in tangible capital assets	1,841,580	158,436	(14,300)	(105,327)	1,880,389
Capital reserve	<u>405,848</u>	<u>-</u>	<u>-</u>	<u>48,590</u>	<u>454,438</u>
	<u>\$ 2,493,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,196</u>	<u>\$ 2,718,053</u>
	2024				
	Balance, beginning of year	Net purchase of tangible capital assets	Interfund transfers	Excess of revenue over expenses	Balance, end of year
Operations	\$ 333,671	\$ (261,502)	\$ (226,670)	\$ 400,930	\$ 246,429
Invested in tangible capital assets	1,452,677	261,502	226,670	(99,269)	1,841,580
Capital reserve	<u>353,398</u>	<u>-</u>	<u>-</u>	<u>52,450</u>	<u>405,848</u>
	<u>\$ 2,139,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,111</u>	<u>\$ 2,493,857</u>

(See accompanying notes)

OTTAWA TENNIS AND LAWN BOWLING CLUB

STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30, 2025

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 224,196	\$ 354,111
Adjustments for:		
Amortization	169,327	166,261
Amortization of deferred capital grants	(64,000)	(66,992)
Reinvested interest	<u>-</u>	<u>(6,950)</u>
	329,523	446,430
Changes in non-cash working capital components:		
Accounts receivable	29,918	7,471
Inventory	(10,649)	(571)
Prepaid expenses	19,680	5,424
Accounts payable and accrued liabilities	(189,804)	174,289
Government remittances payable	(855)	(118)
Deferred revenue	25,433	29,567
Income Taxes payable	<u>29,589</u>	<u>-</u>
	<u>232,835</u>	<u>662,492</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(158,436)	(261,502)
Purchase of investments	(1,572,572)	(1,304,649)
Sale of investments	<u>1,562,943</u>	<u>400,000</u>
	<u>(168,065)</u>	<u>(1,166,151)</u>
FINANCING ACTIVITIES		
Capital contributions received (note 10)	14,300	11,800
Term loan payments (note 12)	<u>-</u>	<u>(238,470)</u>
	<u>14,300</u>	<u>(226,670)</u>
INCREASE (DECREASE) IN CASH	79,070	(730,329)
CASH, BEGINNING OF YEAR	<u>366,520</u>	<u>1,096,849</u>
CASH, END OF YEAR	<u>\$ 445,590</u>	<u>\$ 366,520</u>

(See accompanying notes)

OTTAWA TENNIS AND LAWN BOWLING CLUB

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED NOVEMBER 30, 2025

1. NATURE OF OPERATIONS

Ottawa Tennis and Lawn Bowling Club Limited was incorporated on March 14, 1939 under Letters Patent of the Ontario Corporations Act. The Club was continued under the Canada Not-for-profit Corporations Act on April 16, 2018 as Ottawa Tennis and Lawn Bowling Club. The Club operates as a not-for-profit organization and as such is exempt from most income tax.

The purpose of the organization is to:

- establish, maintain and conduct a club for the accommodation of the members thereof and others and generally to provide for the members and others the usual privileges advantages, conveniences and accommodation of a club;
- provide a clubhouse and other conveniences for the purposes of the members and others;
- promote tennis, and other games or sports and to arrange matches and competitions of every nature and to offer or grant and contribute prizes, awards and distinctions; and
- acquire by purchase or otherwise the lands, premises, goods chattels and assets for the purposes aforesaid.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and the following is a summary of the significant accounting policies used by management in the preparation of these financial statements:

Revenue recognition

The Club follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are collected on a fiscal year basis and are recognized as revenue in the year to which the membership relates. Fees collected prior to the membership year ("Early Bird" fees) are recorded as deferred revenue. Special assessment revenue is recorded in the year it is received.

Camp and lesson fees are recorded as revenue based on the camp or lesson delivery. All other forms of revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is generally determined on a first-in, first out basis. Inventory consists of café supplies and merchandise for sale.

OTTAWA TENNIS AND LAWN BOWLING CLUB
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2025

2. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Tangible capital assets

Tangible capital assets are recorded at acquisition cost. Maintenance and supplies are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a tangible capital no longer contributes to the Club's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital are amortized over their estimated useful lives as follows:

Declining balance basis:

Clubhouse and improvements	- 5%
Ground improvements	- 5%
Fencing and lighting	- 5%
Tennis courts	- 5%
Point of sale system	- 55%
Computer	- 55%
Telephone system	- 20%
Pool and pool shed	- 5%
Equipment, furniture and tools	- 20%
Lockers	- 20%

In the year of acquisition, only one-half the annual amortization is taken. Assets under construction are classified as construction in progress and are not amortized until the assets are substantially complete and ready for their intended use.

Financial instruments

The Club initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs. Transaction costs associated with the acquisition and disposal of investments are capitalized to the acquisition costs or reduce proceeds on disposal.

Cash and investments are subsequently measured at fair value while all other financial instruments are subsequently measured at cost or amortized cost.

Use of estimates

The preparation of the financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant estimates include collectibility of accounts receivable, the useful life of tangible capital assets, valuation of inventory, valuation of standing charges, and the determination of certain accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

OTTAWA TENNIS AND LAWN BOWLING CLUB
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2025

2. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Purpose of funds

Operations fund - unrestricted: All revenue and expenses related to the collection of unrestricted donations and fundraising activities are reported in the Operations fund.

The Club has capped the Operations fund at the equivalent of four (4) months of standing charges. Standing charges are costs that would not be eliminated in the event of a total operational interruption or would not decrease in direct proportion to a partial interruption. During 2024, the Club assessed this value to be \$403,333. Any funds in excess of the capped amount are automatically transferred to the Capital Reserve Fund.

Invested in tangible capital assets - internally restricted: This fund represents the Club's net investment in tangible capital assets, reflecting the portion of net assets tied to long-term physical assets and not available for other purposes. The fund is decreased annually by the amortization of tangible capital assets, offset by the amortization of deferred capital contributions recognized in relation to those assets. The fund will also increase with the acquisition of new tangible capital assets or significant improvements to existing assets, ensuring it accurately reflects the Club's ongoing investment in its infrastructure.

Capital Reserve Fund - internally restricted: The Board of Directors has allocated funds to a capital fund that is designed for purchase or development of additional capital related activity. An amount equal to the current year's club donations, fundraising proceeds, special assessment revenue, and any surplus from the Operations net of clubhouse restoration and capital expenses are allocated to this fund on an annual basis.

The Board of Directors has allocated funds to the Capital Reserve Fund to safeguard the Club's long-term sustainability. This fund has two distinct goals: (1) maintaining and enhancing existing assets, such as tennis courts, upper balcony, and restoring parts of the clubhouse, and (2) enhancing the Club's services, such as, by winterizing the upper floor of the clubhouse.

3. **FINANCIAL INSTRUMENTS**

The Club is exposed to various risks through its financial instruments. The following analysis provides a measure of the Club's risk exposure and concentrations.

The Club does not use derivative financial instruments to manage its risks.

Credit risk

The Club is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Club's maximum exposure to credit risk is the carrying value of its cash, investments and its accounts receivable. The Club's cash and investments are deposited with a Canadian chartered bank and as a result, management believes the risk of loss on these items to be remote. The Club manages its credit risk by reviewing accounts receivable aging monthly and following up on outstanding amounts. Management believes that all accounts receivable at year-end are collectible. The Club has recognized bad debt expense of nil (2024 - \$7,634) during the year.

Liquidity risk

Liquidity risk is the risk that the Club cannot meet a demand for cash or fund its obligations as they become due. The Club meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipated investing and financing activities and holding assets that can be readily converted into cash.

OTTAWA TENNIS AND LAWN BOWLING CLUB
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2025

3. **FINANCIAL INSTRUMENTS - Cont'd.**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Club's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates.

The Club's exposure to interest rate risk is limited to its cash held in an interest-bearing account and investments in guaranteed investment certificates (GICs) that earn interest at market rates. Management does not believe this exposure is significant.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Since the Club does not hold any publicly traded investments, it is not exposed to significant other price risk.

Changes in risk

There have been no significant changes in the Club's risk exposures from the prior year.

4. **INVESTMENTS**

Investments consist of:

	<u>2025</u>	<u>2024</u>
Guaranteed investment certificates	\$ 921,228	\$ 911,599
Less: current portion	<u>(921,228)</u>	<u>(611,599)</u>
Long-term portion	\$ <u>-</u>	\$ <u>300,000</u>

The GICs bear interest at rates from 1.8% to 5.10% at November 30, 2025 (2024 - 3.75% to 5.10%). At November 30, 2025, maturity dates were between December 2025 and March 2026.

OTTAWA TENNIS AND LAWN BOWLING CLUB
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2025

5. INVENTORY

Inventories consist:

	<u>2025</u>	<u>2024</u>
Merchandise	\$ 12,012	\$ 5,961
Café supplies	<u>7,597</u>	<u>2,999</u>
	<u>\$ 19,609</u>	<u>\$ 8,960</u>

Inventories recognized as an expense amounted to \$279,663 (2024 - \$233,537) for café operations and \$13,972 (2024 - \$12,423) for merchandise.

6. TRUST FUNDS

Through the National Sport Trust Fund (NSTF), the Club raises funds to be used for capital projects supporting amateur athletics in Canada. At November 30, 2025, donations received through the NSTF for the Club's ongoing Clubhouse Restoration Project totaled \$610,684 (2024 - \$596,834). The first phase of the project has been completed and donations relating to capital expenditures have been recorded in the financial statements as deferred capital contributions.

7. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Land	\$ 5,000	\$ -	\$ 5,000	\$ -
Grounds improvement	187,815	29,699	175,626	21,698
Clubhouse	2,587,148	369,534	2,526,758	254,406
Fencing and sport lighting	197,640	62,747	167,122	56,406
Tennis courts	406,375	81,545	270,926	68,012
Point of sale system	3,850	1,796	1,850	509
Computer	12,198	11,251	11,988	10,223
Telephone system	850	558	850	485
Pool and pool shed	228,450	85,050	223,889	77,623
Equipment, furniture and tools	163,655	85,242	138,903	68,733
Construction in progress	<u>26,178</u>	<u>-</u>	<u>137,811</u>	<u>-</u>
	3,819,159	<u>\$ 727,422</u>	3,660,723	<u>\$ 558,095</u>
Accumulated amortization		<u>727,422</u>		<u>558,095</u>
Net book value	<u>\$ 3,091,737</u>		<u>\$ 3,102,628</u>	

OTTAWA TENNIS AND LAWN BOWLING CLUB
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2025

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	<u>2025</u>	<u>2024</u>
Operating accounts payable and accrued liabilities	\$ 59,668	\$ 106,123
Capital project-related accounts payable	<u>-</u>	<u>143,349</u>
	<u>\$ 59,668</u>	<u>\$ 249,472</u>

9. DEFERRED REVENUE

Deferred revenue consists of:

	<u>2025</u>	<u>2024</u>
"Early Bird" membership fees	\$ 424,124	\$ 408,744
Customer deposits and sponsorship fees	-	5,000
Club credits	<u>24,803</u>	<u>9,750</u>
	<u>\$ 448,927</u>	<u>\$ 423,494</u>

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred capital contributions represent the unamortized and unspent amounts of grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations over the useful lives of the capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 1,261,048	\$ 1,316,240
Add: Contributions received in year for capital asset purchases	14,300	11,800
Less: Amortization of deferred contributions related to capital assets	<u>(64,000)</u>	<u>(66,992)</u>
Balance, end of year	<u>\$ 1,211,348</u>	<u>\$ 1,261,048</u>

11. INTERFUND TRANSFERS

During the year, the following transfers were made between the funds:

	<u>Operations</u>	<u>Invested in tangible capital assets</u>	<u>Clubhouse restoration</u>
Annual reinvestment to operations fund equal to capital contributions received	<u>\$ 14,300</u>	<u>\$ (14,300)</u>	<u>\$ -</u>

OTTAWA TENNIS AND LAWN BOWLING CLUB
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2025

12. CREDIT FACILITY

The Club has access to a demand line of credit with an authorized limit of \$75,000 and a business credit card with a credit limit of \$30,000. The line of credit bears interest at the bank's prime rate plus 2.00% per annum, payable monthly. The line of credit has not been drawn in 2025 or 2024, and no amount was outstanding at November 30, 2025 (2024 - \$nil). The business credit card had an outstanding balance of \$1,049 at November 30, 2025 (2024 - \$3,636). All facilities are secured by a general security agreement. A term loan was fully repaid and extinguished in April 2024.

13. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.