

KINGSTON TENNIS CLUB ANNUAL REPORT

2016-2017



2016-2017 Executive Board Members

Paula Loh	President
David Stocks	Vice President, Staffing Coordinator
Viki Andrevska	Secretary
Jim Martin	Treasurer
Doug Bowie	Member-at-Large
Julius Breza-Boski	Member-at-Large
Rick Donaldson	Infrastructure & Maintenance
Sam Faris	Tournament Director [resigned to become Camp Director]
Graham Lord	Governance
Bud Nelson	Membership Director, IT
Gill Turnbull	Social Director
Chloe Wilson	Communications

Finance & Risk Committee Members

Jim Martin (Chair), Bill Cannon, Gord Lee, Paula Loh

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Agenda for the 2017 Annual General Meeting

Tuesday, November 14, 2017 at 6:30pm

Ongwanada Resource Centre

191 Portsmouth Avenue

1. Call the Meeting to Order
2. Receipt of the Minutes of the 2016 Annual General Meeting
3. Treasurer's Report
4. Appointment of Auditors
5. President's Report
6. Replacement of KTC By-law
7. Vote on Capital Project budget
8. Elections
9. Other Business
10. Adjournment

Refreshments to follow

2016 Annual General Meeting Minutes

Wednesday, October 26, 2016 at 7:00pm
Ongwanada Resource Centre
191 Portsmouth Avenue

1. **Meeting called to Order** 7:12 p.m by Bill Cannon, Chair; Introductions. There were 52 registered members in attendance.
2. **Agenda approved** - Mariana Pradier-Silva moved, Isabelle Pollock seconded, carried.
3. **Minutes of the 2015 Annual General Meeting.**

Proposed amendments - Lars Thompson noted that he had not withdrawn his motion, as the mover and seconder had not agreed to its removal, and he would like the minutes to be amended to reflect that. The Chair held that the motion was out of order because it was a change to the by-laws that could not be voted on at that time. It was, however, voted on affirmatively as an expression of opinion, as a future consideration for the Board. There was much discussion as to how the membership can raise concerns if they cannot bring them up at the AGM. There was a question as to why the Board did not follow up on the concerns expressed at the meeting about a necessary change to the by-laws. That process is ongoing but the new by-laws are not yet in place. Taco Meuter observed some inaccuracies in the minutes about the treasurer's report, and provided some amendments.

Taco Meuter moved, Ben Doornekamp seconded that minutes be approved as amended, carried.

There was some discussion about matters arising from the 2015 AGM minutes, and there was a question as to whether the current by-laws specifically indicated whether there could be nominations from the floor. The President indicated that it could be done in one specific way, as outlined in the bylaws, but some members asked whether it specifically excluded other means of nominating from the floor. There is some ambiguity and the Chair observed that this could be remedied when the by-laws are amended. There was a question as to whether the Board addressed this specific issue; it is addressed in the subsequent Governance Report and the Chair suggested that it be raised then. One member asked if nominations were historically allowed from the floor, and apparently they have happened in the past. One member noted that when the current by-laws were introduced, there was no intention to forbid nominations from the floor.

4. **Minutes of the 2015 Special Meeting: John Sylvester moved, Lorna Sim seconded that minutes be approved, carried.**

5. Treasurer's Report – Tom Thayer

Tom made reference to the audited financial statements and the treasurer's report sent out with the agenda materials. This is the first year that the Club has had audited financial statements in time for the AGM. The financial statements show that revenue exceeded expenditures in 2015-16 by \$117,427, an increase of almost \$28,000 over the previous year. This increase was largely due to the fact that we no longer pay HST on camp fees, a saving of more than \$7,000 this year. In addition, the Club was successful in applying for repayment of HST on camp revenues dating back to 2010. This repayment amounted to \$32,000.

Tom continued, explaining significant increases and decreases to various items of revenue and expense. Turning to the balance sheet, he pointed out that our cash balance had increased by \$100,000 during the year to just under \$284,000. The Club is a very stable operation and increases cash annually by about \$80,000 to \$100,000. These are all positive and should give us some confidence going forward. Tom also mentioned that the statements don't show the important contributions of volunteers for operations, bookkeeping, payroll and day-to-day management of the Club. Tom noted the helpful and cooperative atmosphere on the Board this year and listed some of the many accomplishments including: the recovery of HST funds, the implementation of Jegysoft, the Lost Member Survey, the new abuse policy and appointment of an abuse officer (Allan Manson), extended insurance, the work on a new set of bylaws, and the review of administrative procedures. He said that he thoroughly enjoyed working with the Board this year, and thanked both Board members and his wife Alma.

Questions

One member asked whether the HST exemption is still available when some campers are over the age of 14, and the response was that all camp revenue is exempt from HST as long as campers are primarily 14 years of age or less. Going back to 2010, we have had a handful of campers over the age of 14. Another member noted that the parking permit system is working well, and thanked the President for her efforts in putting it into place. One member asked about the \$45,000 expense for the clubhouse project being recorded as an asset, and Tom noted that it is included in the value for Buildings. Another question was asked about the plans to go ahead in 2017 with a more modest clubhouse project, and asked whether there would be another vote on that upcoming project. The Chair explained that the Board voted to go ahead with a pared down project. One member asked about the scope of payments to the designer, as some payments were not scheduled to be paid until after the designs were approved by the City for the building permit. The President responded that we did not proceed to that stage and when we shut down that clubhouse design, we asked the designer to remit his expenses to date in order to terminate the contract. Eric Davies, a member of the Capital Project Committee, responded to say that when the project did not go ahead, we needed to

renegotiate with the designer – since he had put in a lot of hours and effort at that point, we decided to remunerate him for that work. One member noted that in the past, Board members would absorb their own travel costs; the President observed that the Board voted to approve travel costs several years ago under the tenure of a past president.

Dave Reid moved, Jim Clinton seconded to receive and approve the Treasurer's Report, carried.

- 6. Tom Thayer moved, Taco Meuter seconded approval of the 2015-2016 Audited Financial Statements, carried.**
- 7. Tom Thayer moved, Dave Reid seconded the appointment of Wilkinson & Company as Auditors for 2016-2017 at a fee to be negotiated by the Treasurer, carried.**
- 8. President's Report – Paula Loh**

Paula stated that her report at last year's AGM referred to the internal conflict that the Board encountered that year due a particular Board member repeatedly failing to honour Board decisions voted on by the majority. This resulted in the Board becoming unproductive for several months. The Board this year was in pleasant contrast to that situation, with Board members expressing and debating different opinions, yet honouring decisions agreed upon by the majority. The Board was extremely productive this year.

Our club relies heavily on volunteers to carry on the operations of the club and it is a huge amount of work and can be difficult to find the required skillsets in volunteers; consequently, the Board has begun to discuss hiring a part-time club manager. The Lost Members Survey was conducted by Tom Thayer, and this is useful for decision-making going forward, especially with regard to setting membership fees, as this survey showed that personal situations and not fees were the major factor for members who did not renew. Costs keep going up every year, so rates must go up to keep pace to undertake necessary repairs. It is useful to attend meetings and share knowledge with other tennis clubs (for example on issues relating to HST). We asked Queen's Business Law Clinic whether we are eligible for charitable status, and their opinion letter guided the Board in its recommendation that we should not seek charitable status (their opinion letter is posted on the website).

The Board also did a lot of work on Jegysoft, fine-tuning it for our members and ensuring that it worked well before releasing it to members. Jegysoft did implement some changes on our request, and if we need further changes we should make those requests in the winter (this will involve an additional cost). For example, members might want their booking to flip to the next available court in sequence if the court they want is booked, rather than having to re-enter all the information for the booking. Kurt Carter helped with the technical aspects of the new website. The President updates

the website regularly, and would like to enhance it in the future, for example, by adding photo galleries. There are links to the Membership Survey, Board minutes and other club documents on the website.

We had a lot of members out for spring cleanup and Alma Thayer organized painting the deck. We had a successful Junior Open House, coordinated by Chloe Wilson. The concept of the New Member Outreach Committee was suggested by member Normand Lalonde last year. Street parking has worked well, and we negotiated for a \$2,000 annual license with the City, which will increase by 3% each year.

On the Capital Project, we held a special meeting in November, 2015, and around 65-75 members attended. Following that, we held a seven-day online vote, and many members submitted unsolicited comments as part of their vote. One frequent comment was that members were concerned about cost containment, so the Board took that into consideration. We then conducted a survey to canvass members' concerns and priorities. We have applied for an Ontario150 Capital Grant that is worth up to \$250,000 for infrastructure upgrades. We will learn the results in December; if approved, the funds must be spent by March 31, 2018.

A large number of members got involved and contributed to the club's operations this year, which is greatly appreciated.

Questions

One member asked whether the new clubhouse project is a go, and whether we need another vote. The Chair replied that the Board has approved a Capital Project and, as it stands, it will go ahead unless someone brings a motion for a vote. Another member noted that one sentence in paragraph 2 of the Capital Project report was inappropriate and asked that it be struck, and the President agreed to change the word 'misinformation' to 'information'.

Elaine Davies moved, Gill Turnbull seconded that the President's Report be received and adopted as amended, carried.

9. Elections

The President explained the affirmation vote process for the four officer positions that are uncontested. One member asked as to whether it was in the by-laws, and the President replied that it is a procedure and is not in the by-laws. Another member asked what would happen if we voted 'No' on one of the officer positions; the Chair stated that the position would be left vacant. The Board and other members would then have to find a new candidate and there would have to be a new special meeting. There was some discussion as to whether one candidate, Julius Breza-Boski, was eligible to

stand since the membership he received was due to his former position as a steward this season . The Chair stated that the Board assessed all nominees and determined them eligible to stand for election.

10. Volunteer Appreciation Awards

Flame Eadie initiated volunteer awards and three members were honoured this year. Bud Nelson received the 2016 Lifetime Appreciation Award, given for those who have worked for the tennis club for more than five years. The 2016 Volunteer of the Year recipients were Alma Thayer and Rick Donaldson. Congratulations and heartfelt thanks were extended to these three members for all of their work on behalf of the tennis club.

11. New Business

(A) Lars Thompson moved, John Sylvester seconded that during tennis camp hours, club members will have booking priority over lessons on court 7. (The mover emphasized that this motion is a recommendation.) Carried.

(B) Lars Thompson moved, John Sylvester seconded that if a requested court is prebooked, the member will be booked automatically on the nearest available court. (The mover emphasized that this motion is a recommendation.) Carried.

(C) Heidi Traulsen requested that the Governance Report note that Heidi Traulsen resigned from the governance committee on June 10th due to personal commitments. Because this amendment was made after the Governance Report was circulated, we note this change in the minutes. Jocelyn Purdie, Chair of the Governance Committee, gave an overview of the process undertaken to rewrite the club's bylaws. A member asked if we could expedite the process and consider implementing the amendment that he brought forward at the AGM last year. The Chair explained that the by-laws must be internally consistent, which they are not now and is causing a lot of the current problems; it is logical to have all changes done at once.

(D) With regard to the Capital Project, a member referred to the motion passed at the November 14, 2012 Special Meeting by 90 in favour, out of 111 votes cast: "Demolish the existing clubhouse structure in order to construct an additional tennis court between Court 1 and Court 7; the new clubhouse is to be built within the space currently occupied by the front lawn adjacent to Court 3." He observed that this motion had no numbers attached to it, and that the project presented as part of the motion last year had a high cost. He would like the membership to approve the financial commitment of the capital project.

Dave Reid moved, and Lars Thompson seconded that there must be a vote with a 55% majority of votes cast establishing membership approval before any financial commitment is made on the capital project. There was some discussion as to whether we need a Special Meeting, and it was observed that there are no restrictions on how the vote is to be held. Comments were made that we elected a Board to make decisions and it can be trusted, as it has already proven this in its actions following the outcome of the 2015 vote. 26 in favour, 11 opposed, 1 abstention, motion carried.

Voting Results

All four executive positions were affirmed and acclaimed:

President	Paula Loh
Vice-President	David Stocks
Secretary	Viki Andrevska
Treasurer	Jim Martin

The following members-at-large were elected:

Doug Bowie
Julius Breza-Boski
Rick Donaldson
Sam Faris
Graham Lord
Bud Nelson
Gill Turnbull
Chloe Wilson

12. Karen Peters moved, Doug Bowie seconded adjournment. Meeting adjourned 10:14 p.m

Refreshments followed the conclusion of the meeting

Treasurer's Report

Jim Martin

Financially speaking, the 2017 season demonstrated the ability of KTC to generate a \$ 100 k of annual savings from regular recurring operations. This is needed annually to enable KTC to eventually fund replacement of its aged, largely depreciated surface assets at 45 Napier St. Early in 2017 the cost of replacing *all* facilities was estimated at \$ 1,739 k including Hst (in 2015-6 \$) , based on the 2015 work. At the rate of an annual \$ 100 k surplus it will take 2 decades or more (with interest costs) to pay to achieve total replacement with modern assets. The need is there. Prioritization, well implemented capital spending & financing, and a steady hand long term are called for.

Turning to the year just ended with comparisons to 2016:

- **2017 SEASON – Contribution Analysis (based on Audited Statements)**

There are two main contributors to KTC – Membership and Junior Camps. Both contributed significantly- Membership \$92.2 k and Junior Camps \$ 48.4 k. Shared costs were \$ 38.1 k and the overall surplus of Revenue less Expenditures was \$ 102.5 k. Though KTC is a not-for-profit entity, at this time with its surface assets depreciated to low levels and nothing much more to depreciate, KTC must generate a surplus , understanding this is for asset replacement. Details;

- MEMBERSHIP	2017 Actual	2016 Actual	2017 Actual vs. 2016 Actual
Members #	483	524	down 7.8%
Membership Fees	\$ 117,841	121,229	down 2.8 %
Lessons (net)	7,858	7,609	
Court Rental Fees	3,610	3,023	
Canteen & Merchandise (net)	(98)	1,031	
Donations and Other Contr	2,956	1,603	
Socials and Tournaments (net)	69	199	
Parking Revenue (net)	(304)	296	
Wages – Stewards	(28,021)	(29,153)	
Hst Expense	(11,697)	(12,289)	
Contribution	\$ 92,214	93,548	fairly steady

Membership Fees collected were lower by \$ 3.4 k or 2.8 % reflecting a 7.8 % decline in members from 524 in 2016 to 483 in 2017, partially offset by an Early Bird inflation rate increase of 2.5 %, and other factors. There is still a significant 12% discount between the Early Bird and Regular rate, a financial incentive to renew early, which most members do.

The eight year 2010-17 Membership trend is worth reflection: 2010 468 members, 2011 505, 2012 540, 2013 524, 2014 580, 2015 553, 2016 524, 2017 483. A tennis rule-of-thumb suggests a capacity of 75 members per court. For KTC this would be 7 X 75 = 525. Measuring member levels as % capacity: 2010 89 %, 2011 96 %, 2012 103 %, 2013 100%, 2014 110%, 2015 105 %, 2016 100 %, 2017 92 %. Over the 8 years KTC has fluctuated above and below the rule-of-thumb capacity level, averaging 99%. In 2017, with 483 members and 92 % – KC is at levels last seen in 2010. This ratio affects court availability (more availability if fewer members) and financial outcome (more revenue with more members).

Costs directly related to Membership Fees -**Steward Wages, Hst-** declined. **Canteen & Merchandise** (net), **Socials and Tournaments** (net), **Parking Revenue** (net) were near break-even in 2017, as planned. The other categories rose: **Lessons** (net), **Court Rental Fees, Donations and Other Contributions**. Overall, **Membership Contribution** at \$ 92.2 k was comparable to \$ 93.5 k in 2016.

- JUNIOR CAMPS	2017 Actual	2016 Actual	2017 Actual vs, 2016 Actual
Junior Camp Fees	85,920	79,774	up 8 %
Junior Camp Supplies	(4,978)	(6,379)	
Wages – Camp Staff	(32,575)	(32,419)	
Contribution	48,367	40,976	up 18 %

Junior Camp fees collected were up 8 % reflecting higher camp utilization later in the season. Supply costs were lowered and camp staff wages were similar year over year, notwithstanding more junior camp attendees to look after. The **Junior Camp contribution** rose 18 % to \$ 48.4 k, possibly the best Junior Camp financial contribution yet.

The Junior Camp contribution is now half the Membership contribution while utilizing significantly less than half the court time available in the full tennis season. It is possible that the higher contribution per unit capacity in favour of Junior Camps reflects Camp pricing which is on a par with recreational Camps in Kingston while Membership Fee rates are at favourable prices for tennis members versus Kingston recreation alternatives.

Considering that Junior Camps began a long time ago as a service to children of Members, the program has come a long way.

- SHARED COSTS (Recurring)	2017 Actual	2016 Actual	2017 Actual vs. 2016 Actual
Advertising	865	545	
Amortization	2,515	2,763	
Bank Charges	1,295	6,097	
Insurance	2,024	2,264	
Interest	(3,596)	(1,066)	
Office	5,769	1,938	
OTA Fees	1,545	1,545	
Professional Fees	3,192	5,180	
Property taxes	11,542	9,716	
Repairs and Maintenance	4,491	11,418	
Software Expense	4,047	4,521	
Transportation	188	223	
Utilities and Communication	4,214	4,050	
Recurring Costs	38,092	49,194	down 23 %

Advertising – up in part due to new KTC logo design but both years well below 5 year average. **Bank Charge** reduction reflects not using credit cards and continuing with near free e-transfers, cheques, debit and cash for payments. Thank you to members and patrons for enabling this change in payment methods. **Insurance costs** were reduced slightly in line with declining clubhouse and court value. **Interest** income was higher as savings increased and higher interest rates requested – at on-line bank Tangerine (owned by Bank of Nova Scotia). **Office costs** rose due to the inclusion of a much appreciated contract bookkeeper for the first time at KTC. **OTA fees** were held steady and a fee stabilization plan at a comparable level was worked out for future years by President Paula Loh. **Property taxes** continue to rise – in line with the phase in to the assessed value of \$ 1,080 k by year 2020 for 45 Napier St. Last February MPAC was requested by KTC to reconsider the tax. After review MPAC did not change the assessment. KTC decided not to appeal 2017 based on recent input from a property value expert. The \$ 1,080 k assessed value by 2020 stands for now and property taxes will rise 2018-2020 accordingly. **Repairs and maintenance** were held to minimum dollar levels. Overall, recurring **Shared Costs** were reduced a substantial \$ 11.1 k or 23 %.

SUMMARY	2017 Actual	2017 Budget	2016 Actual	2017 Act. vs. 2016 Act.
Contribution: Membership	92,214	101,100	93,548	
Junior Camp	48,367	44,000	40,976	
Less: Shared costs	(38,091)	(46,500)	(49,194)	
Revenue less Expenditure, recurring	102,490	98,600	85,330	up 20 %
Add back Amortization	2,515	2,800	2,763	
Equals: EBITDA* - recurring	105,005	101,400	88,093	up 19 %
Less: investment in Working Capital	(1,269)	nil	5,523	
Fixed Assets	6,263	incl with R & M **	14,573	
Equals change in Cash Flow – recur.	100,011	101,400	67,993	op 47 %
Non-recurring Hst recovery	nil		32,097	
Change in Cash	100,011	101,400	100,090	same
Cash+ Investments Position	383,497		283,486	
Cash Investment:				
Tangerine –maximiz	Rates: 90 day @ 1.25 % (Jan. 3)		Daily @ .55 % + GIC @ 1 %	
RBC - minimal operating amount	net cost		net cost	

Footnotes:

* **EBITDA:** earnings before interest expense, income taxes, depreciation and amortization - a financial analysis metric used for performance analysis and debt capacity analysis

**	2017 Act.	2017 Bud.	2016 Act.
Repairs & Maintenance (R & M)	4,491		11,418
Tangible Capital assets	6,263		14,573
Subtotal	10,754	9,000	25,991

A budget was introduced early in 2017, for the first time at KTC, on a line by line basis and with input from Board members. With major capital planning likely to take place in 2018, the goal in 2017 was to generate cash and save it. A target was set to achieve \$ 101.4 k savings in the 2017 season from recurring activities. Comparing actual to goal the result came in near target due to higher contributions from Junior Camps and

lower Shared Costs, which offset a steady but lower than budgeted Membership contribution. \$ 100 k in savings was achieved.

- **DEBT CAPACITY for a Major Project**

Early in 2017 exploratory meetings were held with the institutional lenders KTC met in 2015 (Infrastructure Ontario – IO, TD, RBC, CIBC, BNS). A few more were added (BDC, KCCU, KCU). Lenders are interested : KTC has multi-year positive cash flow generation, significant value in assets – especially land, good documentation (audited financial statements since 2013). One lender issued a “discussion purposes only” \$ 1 million term sheet. Financing discussions with the institutions were placed on hold after this exploratory phase. They can be selectively resumed closer to the time of need.

Lenders received audited financial statements 2014-6, a 2015 Environment – Phase 1 study and a 2013 Archeological Study. Not yet provided but commonly requested: year to date results, annual budget, multi-year financial plan showing the capital project and debt service, capital project cost breakdown – construction budget, construction timetable, fixed price quotes from contractors & suppliers, updated independent appraisal . Other requests were made and vary by lender.

For collateral an institutional first lender will want a mortgage on all of 45 Napier St. The asset is not easily divisible and 1st lender will want to secure all the land for the term of their loan. It is possible, though still to be negotiated, that multiple lenders (including KTC members or related member parties – as in KTC’s past) could share equivalently in the financing if arranged at the outset, subject to an overall debt limit representing the sum of the commitment to the financial institution and the KTC members/related parties. Why consider this feature? Flexibility. In the event of a downturn in financial results a default in interest and principal payment with an institutional lender will result in a loan default whereas a KTC member/related party may accept – from the outset – the right to deferral of principal repayment as long as interest is maintained.

Typical ratios or conditions that institutional lenders use to determine debt capacity:

- (1) **debt service coverage ratio** – cash flow available to service debt measured as EBITDA (earnings before interest expense, income taxes, depreciation/amortization) divided by the amount to service - principal repayment and interest . Example: not to be less than 1.25 x to 1.35 x. KTC can set a higher ratio to provide contingency.
- (2) **debt to value ratio** – debt outstanding as % value where value is measured by independent accredited valuator under one of following concepts (to be finalized): “ KTC as is”, “ KTC valued with project completed”, or “ KTC as highest and best use” (possibly value of sale as residential lots, estimated at \$ 2.3 million in 2015 which requires updating and adjustment for conversion costs). Example : ratio must not exceed 60 %. KTC can set a lower ratio as a contingency.

(3) **cash /debt ratio** - lenders may require KTC to contribute cash to the major project , possibly first money in, e.g. 20 to 40 % of project cost. KTC can hold back a cash reserve as contingency.

It is interesting to look back at the major debt events in KTC history and take our lessons from these times. In 1997 KTC purchased the assets at 45 Napier from Queen’s U for \$ 320 k, paying \$ 20 k down and borrowing \$ 300 k from Queen’s University (QU). The purchase price of \$ 320 k was allocated \$ 280 k to land, \$ 40 k to facilities. Loan features: 25yr. term ending 2022, 7 % annual interest , interest rate fixed , payments increasing 2 % per annum from \$ 21.5 k in yr. 1 to \$ 34.6 k in yr. 25, mortgage placed on 45 Napier St. At the same time, a 2nd mortgage for \$ 300 k was taken out on the property as collateral for debentures to be issued to KTC Partners comprised of KTC tennis members and related parties. Loan features: 21 year term ending 2018, 5 % annual interest for 6 years, 5.5 % for 5 years, 6 % for the remaining 10 years. Principal payments may be made at any time without penalty. Over time proceeds from the 2nd loan were used to pay off the more expensive QU fixed rate mortgage and replace it with a loan that allowed KTC to make payments when it could – without penalty in event of a deferral. The debentures were paid off by KTC in full by 2014.

During the period from 1997 to 2010 most of the available cash flow was used to pay interest and repay debt. There were minimal funds available for maintenance and capital. Grants were very important. Court facilities and the clubhouse depreciated physically and financially.

1997 was a “very high debt” year brought on by the imperative to secure tennis at 45 Napier. The subsequent years dealing with this debt are the aftermath. It was done however –and having KTC members and related parties as financiers was helpful. Also, many volunteers worked very hard for KTC survival.

Looking forward to a new capital project, where KTC has the flexibility to plan the level of financing from 3rd party financial institutions (who likely will be less flexible than KTC members and related parties in the event of non-payment) an approach which builds in the capacity to absorb uncertainty is necessary. This takes the form of reserving cash from the funds saved and, when taking on institutional debt, doing so at a level relative to KTC cash flow which leaves capacity for the unexpected.

Presently interest rates from institutional lenders are lower –in the area of 4 % at IO for a 25 year term, with the rate fixed for the period. Rates from commercial banks and credit unions are likely higher and fees apply. These institutions can only fix rates for 5 years at a time.

What do we know as we approach the debt capacity determination – what is the limit ?

KTC has cash on hand \$ 383.5 k, Debt nil, Equity \$ 739.3 k (accounting determination – “book” value), Its property tax value is \$ 1,080 k as of 1-1-2016 split \$ 966 k Land, \$ 51 k Buildings, \$ 64 k Yardwork. KTC statements record Land \$ 284 k @ cost (1997 purchase) and Facilities \$ 73 k (net of depreciation). Recurring EBITDA 2017: \$ 105.0 k, 2016 \$ 88.1 k (excludes one-time Hst recovery of \$ 32.1 k), 2015: \$ 98.6 k (includes

addition of \$ 6.1 k for lower Hst – part of the recovery) . **EBITDA 3 yr. avg. \$ 97.2 k.** Lenders typically use a 3 yr. historic average EBITDA as an estimate of what the future will bring. For the record, EBITDA for 2010-7: 55.4, 68.9, 84.0, 82.0, 102.6, 98.6, 88.1, 105.0 k; 8 yr. avg. \$ 85.6 k. This is \$ 11.6 k or 12 % reduction in EBITDA if all 8 yrs. were used versus the 3yr. approach. It is the case that EBITDA trended generally upward during these 8 years and using the last 3 years might seem optimistic to some observers.

Estimate: EBITDA – use prior 3 year average \$ 97.2 k as proxy for the future, recognizing three adjustments. Property tax is already scheduled to increase 23% or \$ 2.7 k (from \$ 11.5 k to \$ 14.2 k) with phase-in to 2020. On top of that a new major project will add to the tax base , adding about 1.4 % on additional value, e.g. if add \$ 1,200 k project then pay another \$ 16.8 k per year of property tax. Property insurance premiums, \$ 2 k now, will increase \$ 1 to \$ 3 k with rising KTC asset value. Interest income will decline as cash is deployed into a major project. These factors reduce EBITDA by \$ 2.7 + 16.8 + 1 + 2.6 = \$ 23.1 k. Other KTC EBITDA components (revenues, direct costs, shared costs) may be impacted favourably or unfavourably though they are harder to anticipate. Typically lending institutions do not support variance from the 3 year historic EBITDA, certainly not for factors increasing EBITDA. To reduce EBITDA, as is being done here, seems cautious but the reality is that these changes in property tax, property insurance and interest income seem reasonable and the prudent thing to do. Assume the 3 year average EBITDA of \$ 97.2 k and deduct \$ 23.1 k , that is, use \$ 74.1 k as EBITDA. If a coverage ratio of 1.30x is to be met then the annual amount that can be set aside to service principal and interest is $74.1 / 1.30 = \$ 57 \text{ k}$ per year. This leaves an annual contingency of \$ 16.8k per year (74.1 less 57.0 equals 17.1) to cover negative outcomes, capital spending on items other than the major project, and working capital increases. This is a smaller annual contingency. The maximum loan that can be financed for this cash flow is likely from Infrastructure Ontario (lowest rates, no fees, rates fixed for longest terms). Using a 25 year term, fixed rate at 3.9 %, \$ 57.0 k per yr. will carry \$ 900 k.

Value –While lenders appreciate and want to know the alternative value of KTC as “residential lots” less alteration costs they also make value estimates on what the loan is associated with (an operating tennis club) and need to know value on an “as completed” basis with a new major project in place. Example: assume a value for land used for property tax of \$ 966 k plus \$ 1,200 k cost for new major project and a minor amount for rest of facilities not affected (3 of 7 courts of \$ 54 k Yardworks) = total \$ 2,189 k. If loan is at 60 % Value then Loan is capped at \$ 1,313 k by this ratio.

Debt Service Coverage Ratio is the more restrictive of the two ratios and enables a \$ 900 k loan. If KTC keeps back a \$ 100 k cash contingency then it can add \$ 383.5 less \$ 100 k equals \$ 283.5 k to the project plus an amount saved in 2018 , e.g. \$ 80 k. Total equity contribution \$ 283.5 + \$ 80 k = \$ 363.5 k. With a \$ 900 k loan this is funding for a \$ 1,263.5 k project. Add to this any capital from fundraising and grants. The cash/debt ratio is 29 % / 71 % (based on 363.5 / 900) before fundraising and grants.

A \$ 900 k loan in 2018 is somewhat less impactful than the magnitude of the \$ 300 k loan KTC took out in 1997 when the club was acquired. In 1997 there was little cash to add, little cash on hand and little ongoing annual contingency. In 2018 there will be more cash to invest, a cash buffer of \$ 100 k and an annual EBITDA buffer of \$ 17.1 k.

How does borrowing \$900 k on an EBITDA of \$ 74.1 k ($900 / 74.1 = 12.2$ x multiple) compare to the data from the Fitness and Recreational Sports Centre segment in Ontario ? (Data source: Statscan NAICS 713940 – Fitness and Recreational Sports Centres – Financial Performance Data , Ontario, Incorporated Businesses, Data Year 2015). The segment norm ratio for Total Liabilities to EBITDA was estimated between 6 and 7 x , suggesting a norm Total Liability of \$ 436 to \$ 509 k for a participant with an EBITDA of \$ 74.1 k. Clearly a \$ 900 k loan would rank at the very high end of the segment range. This is partly due to the favourable terms IO offers to governments and the not-for-profits.

Summary:

Level	\$ Amount of Debt	Case Reference
Very high debt for KTC	1,012,500 and above	94 % of current “as is “ \$ 1,080 k value from 2016 property tax assessment; similar to \$ 300 k debt or 94 % of \$ 320 k purchase in 1997
High debt for KTC	900,000	the case describe in the text above
Moderate debt for KTC	600,000 to 700,000	placed higher than Segment Norm
Segment Norm Debt	445,000 to 519,000	segment norm
Low debt for KTC	300,000 to 500,000	placed under and up to segment norm

Debt	Cash	Project	EBITDA	P + I	DSCR	Cash / Debt	60 % Value	Cash Buffer	Ann. Buffer
\$ k	\$ k	\$ k	\$ k	\$ k	x	ratio	\$ k	\$ k	\$ k %
1,012	363	1,375	71.6	64.1	1.12	26/74	1,418	100	7.5 10
900	363	1,263	74.1	57.0	1.30	29/71	1,313	100	17.1 23
700	363	1,067	76.0	44.3	1.72	34/66	1,231	100	31.7 42
600	363	967	77.4	38.0	2.04	38/62	1,157	100	39.4 51
500	363	867	78.8	31.7	2.49	42/58	1,097	100	47.1 60
400	363	767	80.2	25.3	3.17	47/53	1,037	100	54.9 68
300	363	667	81.6	19.0	4.29	54/46	977	100	62.6 77

With higher debt KTC can purchase more now. This leaves less of a buffer for the future. There is a degree of risk in taking on higher debt...called "financing risk"due to the remote possibility of default and losing the club to bankruptcy.

Suggestion: Do not exceed moderate debt threshold of about \$ 700 k new long term debt (25 yr. 3.90 % fixed rate) . Short term financing of Hst on the project would be an additional \$138 k on a \$ 1,067 million project financed with \$ 700 k new debt, \$ 363 k cash. If receive grants, major fundraising, can increase spending project ceiling.

Keep \$ 100 k in reserve. This is to cover adverse circumstances, e.g. debt servicing for 2 years in event operations falter and principal and interest payments . Assumes save \$ 80 k more in 2018.The annual buffer (amount not directed to debt servicing) for \$ 700 k new debt is \$ 31.7 k which is available for capital assets not covered by the major project, working capital and other adverse cash flow items. It represents 42 % of EBITDA with 58 % of EBITDA dedicated to servicing debt. Coverage ratio is 1.72x.

Audited Financial Statements

**KINGSTON TENNIS CLUB
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AS AT SEPTEMBER 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Kingston Tennis Club

Report on the Financial Statements

We have audited the accompanying financial statements of Kingston Tennis Club, which comprise the statement of financial position as at September 30, 2017 and the statements of changes in net assets, revenue 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

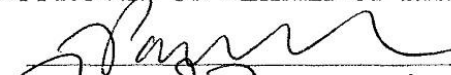
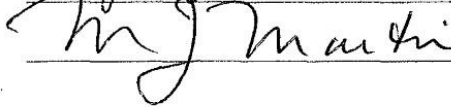
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kingston Tennis Club as at September 30, 2017, 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

KINGSTON, Canada
November 2, 2017

Wilkinson & Company LLP
Chartered Professional Accountants
Licensed Public Accountants

KINGSTON TENNIS CLUB
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2017

	2017	2016
	\$	\$
ASSETS		
CURRENT		
Cash	383,497	183,486
Investments		100,000
Accounts receivable	552	1,500
Prepaid expenses	3,979	3,642
Inventory - Note 4	1,045	
	389,073	288,628
LONG-TERM		
Tangible capital assets - Note 3	356,985	353,237
	746,058	641,865
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	3,370	3,533
Government remittances payable	2,856	1,564
Deferred revenue - Note 5	574	
	6,800	5,097
NET ASSETS		
UNRESTRICTED	739,258	636,768
APPROVED ON BEHALF OF THE BOARD		
	Director, President	
	Director, Treasurer	
	746,058	641,865

The accompanying notes form an integral part of these financial statements

**KINGSTON TENNIS CLUB
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	2017	2016
	\$	\$
NET ASSETS - BEGINNING OF YEAR	636,768	519,341
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	102,490	117,427
NET ASSETS - END OF YEAR	739,258	636,768

The accompanying notes form an integral part of these financial statements

KINGSTON TENNIS CLUB
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	2017	2016
	\$	\$
REVENUE		
Membership fees	117,841	121,229
Lessons	7,858	7,609
Junior camp	85,920	79,774
Court rental fees	3,610	3,023
Canteen and merchandise revenue	3,113	2,426
Donations and other contributions	2,956	1,603
Social and tournaments	4,478	3,653
Interest	3,596	1,066
Parking revenue	2,325	2,850
	231,697	223,233
EXPENDITURES		
Advertising	865	545
Amortization	2,515	2,763
Bank charges	1,295	6,097
Canteen and merchandise expense	3,211	1,395
HST expense	11,697	12,289
Insurance	2,024	2,264
Junior camp supplies	4,978	6,379
Office	5,769	1,938
OTA fees	1,545	1,545
Parking expense	2,629	2,554
Professional fees	3,192	5,180
Property taxes	11,542	9,716
Recovery of HST paid		(32,097)
Repairs and maintenance	4,491	11,418
Social and tournaments	4,409	3,454
Software expense	4,047	4,521
Transportation	188	223
Utilities and communication	4,214	4,050
Wages	60,596	61,572
	129,207	105,806
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	102,490	117,427

The accompanying notes form an integral part of these financial statements

**KINGSTON TENNIS CLUB
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	102,490	117,427
Adjustment for items which do not affect cash		
Amortization of equipment	2,515	2,763
Net change in non-cash working capital balances related to operations - Note 7	1,269	(5,523)
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	106,274	114,667
INVESTING AND FINANCING ACTIVITIES		
Purchase of tangible capital assets	(6,263)	(14,573)
Redemption (purchase) of investments	100,000	(100,000)
CASH FLOWS PROVIDED FROM (USED IN) INVESTING AND FINANCING ACTIVITIES	93,737	(114,573)
INCREASE IN CASH AND EQUIVALENTS FOR YEAR	200,011	94
CASH AND EQUIVALENTS - BEGINNING OF YEAR	183,486	183,392
CASH AND EQUIVALENTS - END OF YEAR	383,497	183,486
REPRESENTED BY:		
Cash	383,497	183,486

The accompanying notes form an integral part of these financial statements

**KINGSTON TENNIS CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

1. NATURE OF OPERATION

The Kingston Tennis Club is incorporated without share capital under the *Ontario Business Corporations Act*. Its principal activities are to foster, develop and promote the game of tennis in Kingston, Ontario.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the corporation considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Accounting 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 and 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. Significant items subject to such estimates and assumptions include valuation of accounts receivable. Actual results could differ from those estimates.

(c) Tangible Capital Assets

The tangible capital assets are stated at acquisition cost. Gains and losses on the disposal of individual assets are recognized in earnings in the year of disposal. Amortization of tangible capital assets, which is based on estimated useful life, is calculated on the following bases and at the rate set out below:

Asset	Basis	Rate
Buildings	Declining balance	4%
Equipment	Declining balance	20%
Computer Equipment	Declining balance	55%
Fence	Declining balance	10%
Courts	Declining balance	8%

(d) Revenue Recognition

Membership, subsidies, lessons, camp, social and tournament fees and parking revenue are recorded as revenue in the period to which the services relate. Clubhouse sales, guest fees, other contributions, interest and other income are recorded as revenue when earned.

3. TANGIBLE CAPITAL ASSETS

**KINGSTON TENNIS CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	2017		2016	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	283,910		283,910	
Building	94,503	41,284	90,658	41,048
Equipment	4,575	2,049	2,856	1,632
Computer equipment	1,906	1,712	1,906	1,475
Fence	9,316	4,377	9,316	3,828
Courts	19,738	7,541	19,039	6,465
	413,948	56,963	407,685	54,448
Cost less accumulated amortization	\$ 356,985		\$ 353,237	

4. INVENTORY

Inventory held at year-end is recorded at cost and consists of tennis balls and t-shirts.

5. DEFERRED REVENUE

Deferred revenue relates to adult membership credits from 2017 that will be recognized in the 2018 season as per regular policies and procedures of the Kingston Tennis Club.

6. FUND ACCUMULATION

The Kingston Tennis Club, at a special general meeting on November 14, 2012, approved the resolution: "*Demolish the existing clubhouse structure in order to construct an additional tennis court between Court 1 and Court 7; the new clubhouse is to be built within the space currently occupied by the front lawn adjacent to Court 3.*" To that end the Club has been accumulating funds in excess of normal operating needs to contribute towards the planning and construction phases of the capital project. A detailed plan was presented for a membership vote in November, 2015 but the results were deemed too close to proceed with the scope of the project as defined at that time. The Board subsequently reduced the planned size of the clubhouse and evaluated several options for court improvements and lighting. Construction is expected to begin in the fall of 2018, depending on available funds.

**KINGSTON TENNIS CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

7. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2017	2016
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	948	300
Inventory	(1,045)	
Prepaid expenses	(337)	219
	(434)	519
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	(163)	(2,007)
Government remittances payable	1,292	(4,035)
Deferred revenue	574	
	1,703	(6,042)
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	1,269	(5,523)

KINGSTON TENNIS CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

8. FINANCIAL INSTRUMENTS

The fair value of the corporation's cash, assessments receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the immediate and short term nature of these financial instruments.

The corporation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk. The risks that arise from transacting financial instruments are as follows:

(a) Liquidity Risk:

Liquidity risk is the risk that the corporation will not be able to meet all cash outflow obligations as they come due. The corporation's exposure to liquidity risk is dependent on the receipt of funds from its operations.

(b) Credit Risk:

Credit risk is the risk of financial loss to the corporation if a debtor fails to make payments when due. The corporation is exposed to this risk, however it has practices in place to ensure collectibility of outstanding accounts receivable.

9. CAPITAL DISCLOSURE

The corporation's objectives with respect to capital management are to maintain a minimum capital base that allows the corporation to continue with and execute its overall purpose as outlined in Note 1. The corporation's Board of Directors performs periodic reviews of the corporation's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the corporation.

President's Report

Paula Loh

OVERVIEW OF THE 2016-2017 SEASON

The volunteer KTC Board is responsible for running the operations of the Club in addition to making policy decisions. We hire teaching pros to run group and private lessons, a camp director and camp instructors to run the junior camps, and stewards to staff the office. Key members of the Board serve as a management team to oversee these activities, while other Board members are responsible for maintenance, social events, membership oversight, and communications.

The skillset of Board members varies each year. Last year the Board acknowledged the ongoing need for a **bookkeeper** to be responsible for performing routine financial tasks and lighten the workload of the treasurer position. A hired person provides continuity, something that is lost when key members leave the Board. We received a recommendation from member Ida Cotman and subsequently hired Kristine Barker for the 2016-2017 season. This was a successful step and we are pleased that Kristine will be returning to this position.

Looking ahead to other operational areas that would benefit from hiring a manager, we struck a **Club Manager Committee** (Chloe Wilson, Chair) to evaluate the hiring of a part-time club manager to provide continuity and expertise. The committee set a goal to itemize the tasks and responsibilities currently performed by Board members that could potentially be allocated to a future club manager. It soon became apparent that this would be a difficult position to define and fill, given that we want to maximize available funds for the Capital Project. A skilled manager would help the Club to operate more efficiently and could also save us money in the long term, but the decision to pursue this position was postponed. We also do not have a suitable workplace for a manager, with the existing office space already inadequate for the seasonal stewards.

Alma Thayer volunteered as the **Steward Supervisor** this year. She took on the role in late-April and jumped in to learn the role of the stewards while overseeing their training. Alma's feedback on the position is that the stewards need daily supervision to do an effective job and sees this ultimately as one of the duties of a club manager.

We formed a **Junior Camp Committee** (Doug Bowie, Chair) to evaluate the results of the Junior Camp survey conducted during the 2016 season and to make recommendations for the 2017 season. Aspects taken into consideration were: morning half-day sessions are more popular than afternoon half-day sessions; and that parents select half-day vs full-day for different reasons. Last year we successfully set a limit of 16 on the number of half-day registrations and enabled full-day registrations to reach 24

children per session. This reduced the impact of half-day campers preventing full-day campers from enrolling during popular weeks and resulted in better utilization of the afternoon spots.

The committee's goal was to set a strategy to further increase the number of children signing up for the afternoon sessions (both in July & August) and for the full-day sessions during August. Options were presented to the Board and the decision was made to raise the morning half-day rate while lowering the afternoon half-day rate by a slightly smaller amount. This would result in a small net increase in overall rates while providing a financial incentive for afternoon enrollments. The Board also agreed to advertise Club Membership and the Junior Camps on Facebook this year for the first time (a suggestion made last year by member Flame Eadie).

Sam Faris took on the staff role as our **Camp Director** for the 2017 season. He was a Board member and had also sat on the Junior Camp Committee, so was fully aware of the Board's expectations for the efficient operation of the camps. Becoming a staff member necessitated that he first resign from the Board. Sam began the season by offering our complimentary Try/Learn/Play one-hour sessions to many classes from local grade schools, then effectively ran the camp sessions. Our camps generated both a high profit and the laughter of many happy children!

Lessons were taught this year by Emile Flavin, Isaac Jones, and Jeff Elwood. We were fortunate to have three enthusiastic coaches sharing their skills with us this season and look forward to their potential return next year.

Our club once again hosted the local and regional **high school tennis** competitions, KASSAA and EOSSAA, in May. The convenors (KTC members David Stocks, Brian Bontekoe, and Dan Fruhling) thank the KTC for supporting high school tennis in Kingston and Eastern Ontario. This year's KASSAA tournament had 160 players from seven local schools participating and EOSSAA had 139 players from five regions and 25 schools.

The **Queen's Tennis Club** approached us with a proposal to rent three courts for a two or three hour period on a weekly basis over the fall months for recreational drop-in play by Queen's students who are not KTC members. The Board supported this utilization of the courts during an otherwise quiet weekend time that also served to introduce the Club to potential new members. The Club provides practice courts each fall for the competitive team members who join the club at the Fall rate.

Board member Graham Lord continued with the work that Jocelyn Purdie spearheaded last year to overhaul the **Club's by-law**. After several iterations, we are presenting the final version to the membership at the 2017 AGM for approval.

We introduced a vibrant **Club logo** this year that features a design in the shape of a tennis ball and includes symbols representing tennis, Canada, and Kingston. The logo was quickly put into service on the website, our online software, staff uniforms, and applied to shirts available for sale.

We received an enquiry from a member as to if and how someone can include the KTC in their will. We welcome **bequests** from members (and non-members) as they can provide a financial base to fund future capital improvements to the Club.

We plan to establish a **fundraising program** to contribute funds for the Capital Project. A Fundraising Committee was initiated in 2015 by Flame Eadie but fundraising activity fizzled out when work on the Capital Project was postponed following the membership vote in the fall of 2015. Viki Andrevska rejuvenated the topic this year and provided the Board with a preliminary plan for a fundraising campaign for the Capital Project. The Board will need to make decisions regarding potentially selling the naming rights for courts, benches, the clubhouse, and other aspects. The Fundraising Campaign will include online donations, fundraising events, identifying donors to approach, creating a donor wall, and so on. Viki met with KTC member Elizabeth Huculak, who is also the President of Tennis Alberta. Tennis Canada recently built the Osten & Victor Alberta Tennis Centre in Calgary (with a creative donor wall that utilizes tennis ball shapes) and Elizabeth provided Viki with some suggestions for fundraising. Once we have determined the Capital Project cost, we can move forward with fundraising plans for the KTC.

CAPITAL PROJECT

Our capital project officially began with membership approval in 2012 of the motion to:

Demolish the existing clubhouse structure in order to construct an additional tennis court between Court 1 and Court 7; the new clubhouse is to be built within the space currently occupied by the front lawn adjacent to Court 3.

We hired a designer to create a two-storey clubhouse design and solicited quotes for construction of the clubhouse and court infrastructure work. A membership vote in 2015 indicated some discomfort with the size of the proposed 4,000-square-foot clubhouse and the overall cost of the project. We surveyed the membership and redesigned the clubhouse to a one-storey building of 2,175-square-feet.

We applied for an Ontario150 grant in the fall of 2016 in an attempt to boost our available funds for the project but were unsuccessful – the grant was highly competitive, with ten ‘asks’ for each dollar available. We contacted major commercial lending organizations and met several times with the representative from Infrastructure Ontario (IO) to learn how to best qualify for a low-interest loan from the Crown agency. IO has loaned \$8 billion over the years and not one of their loans has failed (several borrowing organizations have had difficulties and needed help with their payments for a while,

however). Our savings have been growing steadily over the last few years and we have a substantial down payment for the Capital Project.

The current iteration of the Capital Project consists of the following components:

- Demolish the clubhouse;
- Construct an accessible one-storey clubhouse adjacent to the street (2,175 square feet);
- Install lighting on Courts 2 & 3;
- Remove concrete slabs below three courts & rebuild four existing courts;
- Build an eighth court;
- Replace fencing;
- Replace hitting wall

The project now places less emphasis on the size of the clubhouse and allocates more financial resources to court improvements than the 2015 iteration. The installation of lighting on Courts 2 & 3 involves the laying of electrical conduit underneath the court surface and installing multiple poles, a disruptive process. It is economical to do a rebuild of these courts at this time and it has been recommended by our project manager, our civil engineer, and a court specialist to remove the original court concrete pads poured in the 1920s. This will establish a court foundation of known integrity while enabling the site's drainage to be improved (water currently drains along the surface of the courts toward the south-east corner of Court 4).

Completion of the entire capital project is budgeted to cost \$1,366,593. We are very close to being able to fund a project of this size, depending on the level of financial risk to be taken by the Club. The level of risk can be reduced by raising additional funds from alternate sources such as grants, sponsorship and naming rights. All avenues that enable our community club to continue to grow and prosper into the future are worth pursuing.

VOLUNTEERISM

Many members of all ages volunteer in a variety of ways every season to help the club operate efficiently. We are especially happy to see the younger members of our Club getting involved. Volunteers are critical for the efficient operation of the Junior Camps, as they can assist camp instructors when there are bad splits in age groups/abilities that place demands on instructors' time and energy. This year we had a high number of volunteers assist with the Junior Open House, the Junior Camps, and with court powerwashing. A record number of courts were cleaned this season.

The following KTC members & friends donated their time this season in a variety of ways to make our club a better place:

Junior Activities

Junior Open House

Viki Andrevska (Coordinator)

Alex Drover

Lucas Eckert

Jeff Elwood

Emile Flavin

Gena Huang

Cathy Jarvis

Isaac Jones

Kiko Kellway

Paula Loh

John Lott

Jack Lott

Cameron Salmon

John Sylvester

Claire Tremblay

Gill Turnbull

Junior Camps

Arjun Devnani

Micah Eckert

Gena Huang

Grayson Jeffery

Rishi Laird

Ben Lienhard

Sabrina Lloyd-Ellis

Reimy Mulligan

Tristan O'Brien

Sam Rayner

Ethan Rudie

Connor Tough

Joshua Vollebregt

Junior Tournament Assistant

Emmett Brundage

Other Club Activities



Peta Bailey – social events; tournament BBQ coordinator
Gauvin Bailey – social events
Mike Bartlett - court powerwashing
Doug Bowie – grounds maintenance
Sunil Chaudhry – canteen supplies; social event organizer
Flame Eadie – poster design
Peter Girard - grounds maintenance
Lynne Hanson – social event organizer
Julie Hoffarth – social events
Violeta Jost – social events
Poyraz Kolluoglu - court powerwashing
Jim Martin – court powerwashing
Tom McCleneghan – clubhouse inspection
Taco Meuter – social events
Karl Montgomery – grounds maintenance
Neil Neasmith - grounds maintenance
Bud Nelson - court powerwashing
Isabelle Pollock – social event organizer
Pam Psutka – social events
Ron Quon – court powerwashing
Greg Reid - court powerwashing
Mariana Silva – social events
Lorna Sim – social events
Dave Stocks – recycling
Alma Thayer – steward supervisor; flower beds & planters; tournament BBQs coordinator
Tom Thayer – court powerwashing
Yaoting Zhang – social events

Sincere apologies go to anyone whom we may have overlooked when compiling this list.

We also thank the many members who came out to help with our annual Spring & Fall cleanup sessions.

We are a community club – when members of a community pull together for a common cause great things can happen!



Infrastructure & Maintenance

Rick Donaldson

In February and March, a survey was completed by a group of Queen's University Engineering students under Dr. Alexander Braun, using Ground Penetrating Geothermal Radar to examine the asphalt, rebar, and concrete bases under our courts. It was done to determine the condition of our courts.

Five nets were put up at the end of March and the season began.

About 90 shingles came off the roof of the clubhouse during the winter months and we met with a roofer to discuss our options and costs to repair.

We purchased a new attachment head for the power washer and washed four courts on four rainy days in the early spring. The new attachment saved us some time, however the water supply piping is undersized and needs to be upgraded in size. Thanks to the many volunteers; your contribution was greatly appreciated.

A new hot water tank was installed, as were new taps in the Women's washroom. The Women's toilet has been repaired but the flooring under it will need to be replaced as it is in poor condition.

We replaced the timer for the court lights, and added lights overlooking the deck on an adjustable timer to make it a little easier to close up at night. We have recently installed an electronic device to allow us to remotely control the court lights when not in use. For example, on rainy nights.

A new gas-powered trimmer and leaf blower were purchased. Unfortunately, the back shed was broken into and both items were stolen. Replacements have been purchased. Two front gate locks went missing and had to be replaced.

A new BBQ was purchased.

Tree-trimming services were required to clean up after a big wind storm damaged the big tree near the club's entrance gate. We have received confirmation from the City that the tree is rotten and will be removed.

Two new court nets were purchased to replace old and damaged nets.

An Engineer assessed the safety of the deck balcony and railings. The railing has been repaired. The main deck is in rough shape and will need extensive repair.

It has been an interesting year and I appreciate all the help I have had.



Tournaments

Our club tournaments continue to have a high participation rate, with players young & old and of all skill levels participating. The Saturday evening BBQ on tournament weekends is a popular social event. Thanks go to tournament director, Sam Faris, for overseeing these competitive opportunities.

Tournament Results for 2017

June 16-18, 2017	Mixed Doubles Winners: Michael Stych & Paula Loh Finalists: Martin Arh & Lesley Furter
July 21-23, 2017	Men's Doubles Winners: Michael Stych & Isaac Jones Finalists: Sam Faris & Emile Flavin Women's Doubles Winners: Chloe Wilson & Claire Tremblay Finalists: Renee Austin & Maria Constandinou
August 18-20, 2017	Men's Singles Winner: Michael Stych Finalist: Sam Faris Women's Singles Winner: Paige Ready Finalist: Chloe Wilson
September 2, 2017	Junior Singles Winner: Callum McDonald Finalist: Arjun Devnani



Socials

Gill Turnbull

There were five Adult scheduled socials this year – May 19th, June 9th, July 14th, August 25th and September 23rd. In addition two Open Houses were held on April 29th (Junior Open House) and May 13th (Adult Open House).

The Junior Open House was held on the official opening day of the club and was affiliated with Kingston Gets Active Month for the fourth year. The Club pros/coaches - Isaac Jones, Emile Flavin and Jeff Elwood - participated at the event which helped them become acquainted with members and build their clientele for lessons. They worked alongside David Lea from the OTA to set up the courts; activities were then run by Club volunteers. The club has several members who have coaching/training experience, such as John Sylvester, Claire Tremblay, Cathy Jarvis, and Sam Faris. 59 children and 38 parents attended the Junior Open House. Club brochures were handed out and volunteers and coaches answered questions that parents have about programming. A good time was had by all. Viki Andrevska co-ordinated the event.

The Adult Open House originally scheduled for May 6th was rescheduled a week later to coincide with Tennis Canada's celebrations of Tennis Day in Canada. This occurred on the Mother's Day weekend and because of bad weather it was rescheduled for the Sunday. Attendance was down due, I think, due to family plans for many of the members. In future I would recommend reverting to the first weekend in May – the week after the Junior Open House.

The first social – free to new members – on May 19th was not as well attended as in previous years. It has been held on the Friday of the May long weekend for the past few years with good attendance. The social in June was a great success – Italian Night run by Isabelle Pollock with the introduction of Trivia which was popular. The social in July was held the week before the Doubles tournament – a Canada 150 event with a BBQ and Canadian Trivia. The social in August was popular with an Indian Night run by Sunil Chaudhry and Lynne Hanson. The September social was run on Saturday September 23rd in the afternoon with a Pot Luck afterwards. We had 14 to play tennis plus a few extra guests for dinner.

One additional social event was a trip to Belleville to the Quinte Tennis club. Unfortunately only four members of our club signed up to play but we were well received by the Quinte Tennis members and had an enjoyable afternoon of tennis.

Overall, I think those people who attended the socials felt they were good events. I would recommend the same format for next year. Both Chloe Wilson and Flame Eadie did an excellent job of advertising the events. In addition to the socials, Alma Thayer organised the BBQ for two of the tournaments and did an excellent job. I, along with Peta Bailey, took care of the Singles tournament BBQ.



List of Nominees for Election

2017-18

Nominations for the Executive Committee

President	Chloe Wilson
Vice President	Dave Stocks
Secretary	Viki Andrevska
Treasurer	Taco Meuter

Nominations for Members-at-Large (8 positions available)

Mike Bartlett
Doug Bowie
Sam Faris
Bob Goddard
Taco Meuter
Nerissa Mulligan
Bud Nelson
Gill Turnbull

Past President	Paula Loh (ex-officio position)
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