



KINGSTON TENNIS CLUB ANNUAL REPORT 2018-2019



November 2019: Preparing Courts 2 and 3 for the future

Board members:

Chloe Wilson, President

Gary Wilson, Secretary

Taco Meuter, Treasurer

Doug Bowie, Facilities & Infrastructure

Nerissa Mulligan, Programs

Julie Hoffarth, Arsalan Ijaz, Donna Lounsbury, Jason Taylor, Cole Vezina

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1. Agenda for the 2019 Annual General Meeting

1. Call the Meeting to Order (5 minutes)
2. Receipt of the Minutes of the 2018 Annual General Meeting (5 minutes)
3. Receipt of the Minutes of the 2019 Special Meeting (5 minutes)
4. Treasurer's Report (10-15 minutes)
5. Appointment of Auditors (5 minutes)
6. Report on Court Improvement Project (20 minutes)
7. Presidents’ Reports (20 minutes)
10. Other Business
11. Adjournment

Refreshments to follow

2. AGM 2018 Summary, minutes distributed separately

2018 Annual General Meeting

Thursssday, November 29, 2018 at 6:30pm
Ongwanada Resource Centre
191 Portsmouth Avenue

1.A Call the Meeting to Order at 6:55 pm by Leslie Jermyn – Chair
Attendees: Total 162, in person 100, proxies 62

The meeting will be audio recorded for record-keeping purposes. Kristine Barker, the KTC bookkeeper, will be attending the meeting as a guest.

1.B. Agenda approval

Leslie proposed that the agenda be changed in order to move the meeting along quickly, while being fair to all the candidates and everyone assembled in the audience to vote. Here is the outline: first - call the meeting to order, then receive the minutes of the 2017 AGM, then two reports: the Capital Project Committee Report and President's Report. Then we will do the election for the president. The president candidates will each have 20 minutes to do their presentation, make their pitch for the nomination, and answer questions. Then the ballots for presidents are filled out and counted. While the counting is being done, we will proceed with the Finance Committee Report. Then we will do the election for VP. Then we do the Treasurer's Report. Then we do the election for treasurer. Then the appointment of the auditors. Then the election for members-at-large. While these votes are counted, we will do Other Business - we have the Queen's University Tennis Club update. This item was requested after the agenda was circulated.

The vote to approve the amended agenda was carried almost unanimously (the vote needed 2/3 consent to pass).

2. Receipt of the Minutes of the 2017 Annual General Meeting.

The minutes were received.

3. Capital Project Committee Report by Paula Loh

The Capital Project Committee is comprised of: Paula Loh (Chair), Scott McNeely, Mark Nelligan and Dora Nomikos.

Describes work done and planned by the committee to realize a plan to build a new clubhouse on the KTC front lawn and to improve courts 2 and 3 and add an eighth court while widening courts 1, 7 and 8.

Discussion

4. President's Report by Chloe Wilson

General remarks;

Identifies the many issues surrounding the Capital Project: lack of mandate, negative atmosphere, lack of affordability, past inadequate needs assessment, inadequate development of alternatives, difficulties arising from KTC operating model;

Recent development of alternatives, a process to move forward.

Discussion

Election for President:

Candidates: Chloe Wilson, Paula Loh

No other nominations were received from the floor. The presidential term is two years.

Election results for president:

Chloe Wilson - 92

Paula Loh - 68

Spoiled ballots - 1

5. Finance Committee Report by Mike Bartlett

Members: Dave Reid, Taco Meuter, Chloe Wilson, Mike Bartlett. We all have financial expertise of one kind or another.

Detailed explanation of borrowing capacity, estimated at \$500,000 for a Fall 2019 maximum project value of \$930,000.

Discussion.

Election for Vice President:

Candidates: David Stocks (regrets), Mike Bartlett

Elections for vice president then took place. No further nominations were received from the floor for the position of vice president

Election results for vice president:

Mike Bartlett - 98

David Stocks - 58

Spoiled ballots - 3

6. Treasurer's Report by Taco Meuter

It was a standard year; Some things went up, some things went down. Membership went up for the first time in three years; it may have been because we stopped increasing fees this year.

In the past three years we have had three different treasurers. As a result there has not been continuity from one year to the next. Every time when there is a new treasurer there is a steep learning curve and the experience and recommendations of the previous treasurer are overlooked.

Discussion

Introduction of second candidate for treasurer, Mike Halinski

Discussion

Election for Treasurer:

Election for treasurer then took place. No further nominations were received from the floor for the position of treasurer.

Election results for treasurer:

Mike Halinski – 79

Taco Meuter – 67

Spoiled ballots – 0

7. Appointment of Auditors by Taco Meuter

We also have to approve the (draft) financial statements.

Motion to approve the financial statements as presented in the Annual Report, unaudited. Gill Turnbull moved and Igor Kozin seconded – carried.

Motion that Wilkinson & Company be reappointed as auditors for 2018-19 year at a fee to be negotiated by the treasurer. Gauvin Bailey moved and Graham Lord seconded - carried.

8. Election for Secretary

Nominations from the floor:

Gary Wilson – nominated by Igor Kozin and seconded by Julius Breza-Boski – Gary initially accepted, then withdrew his nomination following the nomination of Gill Turnbull.

Gill Turnbull – nominated by Doug Bowie and seconded by Mike Kelley. Gill accepted the nomination.

Gill Turnbull – unanimously affirmed as secretary

9. Election for Members-at-Large (8 positions available)

Nominations from the floor:

Taco Meuter – nominated by Gregory Reid and seconded by Doug Bowie.

Taco accepted the nomination.

Elena Personova – nominated by Igor Kozin and seconded by Donna Lounsbury. Elena accepted the nomination.

Can vote for up to 8 people. Can vote for less than 8, if desired.

Q: Point of order – how many voting members are there on the Board?

There are 12 voting members on the Board, including the past president (but this year there will not be a past president).

Results: (elected in bold)

Viki Andrevska-68

Doug Bowie-95

Julius Breza-Boski-32

Jean-Francois ("JF") Duplessis-80

Hugh Geiger-24

Bob Goddard-55

Taco Meuter-82

Nerissa Mulligan-77

Bud Nelson-104

Elena Personova-62

Heidi Traulsen-96

Claire Tremblay-62

Gary Wilson-90

10. Other Business - Queen's Tennis Club review by Emile Flavin

11. Adjournment at 9:40pm

[3. Special Meeting 2019 Summary, minutes distributed separately](#)

Special Meeting of the Members

Tuesday, February 26, 2019

7:00-9:00pm

Walter Light Hall Auditorium, Queen's University
19 Union Street, Kingston

This was a meeting to share information and points of view on various infrastructure-related issues. Minutes taken by Taco Meuter for Gary Wilson, acting Club Secretary, who chaired this Special Meeting.

1. Meeting Called to Order at 7:00PM by Chloe Wilson (President)

2. Approval of the Agenda

Gary Wilson, Secretary and Meeting Chair, asks that Agenda be moved. Moved to Accept by Lars Thompson, seconded by Ben Doornekamp

Discussion:

Jocelyn Purdie Moves to Amend the Agenda, to reverse the sequence of presentations of two alternative action plans (Items 6 and 7) to permit the presentation of the meeting requisitioners (original Item 6) to go after the presentation by the KTC Board (original Item 7), and to have the discussions of Items 3-5 respectively occur immediately after each one is presented.

Seconded by Lynne Hanson.

Discussion; Amendment is Carried.

Amended Agenda is Carried.

3. Clubhouse: Water Damage and Repairs

Doug Bowie (Chair, Infrastructure and Facilities) describes the damage caused by a burst pipe, explains that all damages are covered by our insurance.

Discussion

4. Clubhouse: Safety Inspections

Chloe describes the Safety Inspections that have been conducted thus far: City Building Department, Structural assessment, Environmental Hazards, Fire Prevention, Property Standards.

Path forward: Ensuring clubhouse safety is a priority: assessments completed thus far have not indicated that we cannot ensure a safe clubhouse this coming season at a reasonable cost. Assessments are ongoing and the Board will consider its options as additional information comes in.

Discussion

5. Ontario Trillium Foundation (OTF) Grant of \$150,000

Doug delivers the report from the Facilities and Infrastructure Committee (Doug Bowie; Chloe Wilson, Bud Nelson, Taco Meuter; Ben Doornekamp)

Issue of the concrete pads and sub-drainage system.

Summary:

More than the Trillium grant would be spent on a drainage system no one is sure will work or provide any improvements. The Committee's recommendation is to dispense with the sub-drainage/concrete pad removal and just upgrade 2&3 starting this Fall: repave with a new asphalt layer, install new lights, replace the fencing around the courts with new, higher fences, do some tree removal, resurface courts with regular paint or a rubberized surface.

Discussion

6. (was 7.) Presentation by KTC Board of Proposed 2019 Action Plan

Chloe explains the Board rationale for its Action Plan.

The issue is not just whether doing the OTF project and building a clubhouse on the lawn is feasible, but whether it is the right project for the club. More works needs to be done before committing to any project. Many questions remain unanswered: the only strong membership support for a capital project was in 2012, for a two-storey clubhouse twice the size of currently proposed, including an 8th court, at a cost of \$500K to \$750K. Since then, support has hovered around 50% for lawn projects that have risen in cost to over \$1.5M. At the 2018 AGM a president was chosen who was committed to exploring other options. Other AGM questions: is our volunteer-run operating model sustainable? How will changes affect our debt capacity; are there other clubhouse options that can meet our needs more affordably. Should the club borrow to finance a major project & what is a reasonable amount of debt to ensure the long term viability of the club. Assumptions re future operating costs (e.g., club mgt./ facility maintenance) need to be assessed before debt capacity analysis can take place.

The Board believes that we need to carry out a careful planning process that includes determining a strategic vision for the club and a needs assessment for our facilities. Then, objectively exploring options that both meet our needs and support our vision, we can choose a project that will ensure the long-term financial health of the club.

Discussion

7. (was 6). Presentation by Requisitioners of Proposed 2019 Action Plan to rebuild courts and build new clubhouse on lawn simultaneously

Dora Nomikos speaks briefly for the originator of the meeting requisition, Mark Nelligan, who is abroad.

We have done several surveys already to determine what the membership wants; the lawn design is not extravagant, just meant to replace a neighbourly building with a modern neighbourly building.

There may be economies of scale: can we do it all at once, in order to have just one mess, one time. Mark talked to contractors and prepared a time line that shows it is still doable this year to do both the courts and the clubhouse.

Discussion

8. Open Discussion and Q&A with KTC Board members and other presenters

9. Wrap up and next steps (by Chloe Wilson)

Members want a lot of communication, which we are doing our best to do and we will continue to work hard on that and share developments:

Clubhouse safety, the water damage cleanup, the OTF grant. As progress is made we will share information and engage members more to collectively come together to figure out what we want for the club. A big theme of this meeting was the divide, and this is really sad, and I hope we will work through it to come to the right solution for our club soon so we can go back to enjoying being part of this. The people in this room largely put more time into this than just playing tennis and when you do you really want it to be rewarding, and we have to figure out how to get back there.

10. Adjournment of the Meeting at 9:07PM

4. Treasurer's Report – includes audited financial statements

2019 OVERVIEW

- Revenues: \$211,773 (2018 : \$220,606).
- Excess of Revenues over Expenditures: \$41,686 (2018: \$87,895).
- Adjusted EBITDA: \$68,674 (2018: \$90,953).
- Cash Flow from Operations net of purchases of tangible capital assets: \$39,870 (2018: \$73,889).
- Cash & Equivalents: \$497,256 (2018: \$457,386).
- In consultation with the auditors we cleaned up the Balance Sheet and wrote off earlier explorations towards capital improvement that were overtaken by events: \$23,218.

- We refreshed the camps by re-focusing on teaching the Progressive Tennis Approach. To ensure that we could improve the quality of our camp instruction and our tennis camp's reputation, maximizing class size was deliberately of secondary importance this year. The renewed focus on quality has improved the camper experience and resulted in greater satisfaction, which we expect to translate into more revenues in the coming years, as the word gets out organically and through advertising. Net camp income: \$23K (2018: \$28K)
- We began planning our Fall project; shovels were put in the ground after Thanksgiving last month (in the 2020 Financial Year). Upon completion, we will probably offer the best outdoor tennis experience anywhere between Ottawa and Toronto, with five LED-lit courts and a bit of hyperbole. This will allow us to not only attract more players, but our tournaments and socials can also be larger and even more fun, and they will be easier to schedule. We received a \$150,000 grant from the Ontario Trillium Foundation (OTF) thanks largely to Paula Loh, who spearheaded the grant application process last year. The OTF agreed that we could shift the purpose of this grant to align with the extensive improvements we planned this year. The upgrades will be completed in June or early July of 2020, when courts 2 and 3 will be painted with a durable coating. The net cost of the project is expected to be less than \$120,000, which we will finance out of the savings we have accumulated for capital improvements.
- Given the amount of work planned for this Fall, we wanted to minimize scheduling conflicts with construction so we did not advertise for new members this year (whereas in 2020 we will be able to advertise with our newly improved facilities). This year only saw an increase in the number of Adult memberships; memberships overall declined, in part also because of the increase in membership fees and the natural movement of our membership across Kingston's population pyramid.

- Early in the year, the Finance Committee led by treasurer Mike Halinski confirmed KTC’s debt capacity methodology, based on a rolling 3-year EBITDA average. This exercise was useful as it provides a standardized framework to analyze future projects.
- There were a few hiccups along the way: during the year our bookkeeper slowly pulled back on her involvement with KTC, which meant that Mike was not able to get the traction he needed. They both left in the fourth quarter; I took over as treasurer in August, and also temporarily as bookkeeper (in September) in order to avoid scaling the learning curve of a brand new bookkeeper in the busy season. I discovered that much of the work still needed to be done, and documentation was sometimes difficult to find. We are now looking for a new bookkeeper.

2019 SEASON – Contribution Analysis (based on Audited Statements)

Membership and Junior Camps are the two biggest contributors to KTC income. Membership contributed \$116K, and Junior Camps \$23K. Shared costs were \$98K and the overall surplus of Revenue less Expenditures was \$42K, while adjusted EBITDA came in at \$69K.

<u>MEMBERSHIP</u>	2019	2018	
Members #	484	511	down 5%
Membership Fees	\$115,808	\$ 119,235	down 3%
Lessons (net)	\$7,090	\$5,562	
Court Rental Fees	\$2,943	\$2,695	
Canteen & Merchandise (net)	\$(334)	\$(642)	
Donations and Other Contributions	\$2,495	\$3,204	
Socials and Tournaments (net)	\$69	\$1,007	
Parking Revenue (net)	\$(384)	\$39	
HST Expense	\$(11,552)	\$(12,049)	
Contribution	<u>\$116,135</u>	<u>\$119,051</u>	down 2%



Membership Distribution (est)			members (approx. # of people)					memberships	
Year	Adult Fee	Member Total	Total Fees	student	adult	couple	family	family	#/fam
2010	\$270	468	\$83,020	56	148	102	162	27	6.0
2011	\$270	505	\$89,136	80	152	108	165	34	4.9
2012	\$270	540	\$100,470	81	155	136	168	36	4.6
2013	\$270	524	\$101,120	67	173	136	148	34	4.3
2014	\$280	580	\$109,815	62	182	130	206	42	4.9
2015	\$285	553	\$113,555	72	186	132	163	38	4.3
2016	\$314	524	\$121,229	90	177	140	117	36	3.2
2017	\$322	483	\$117,841	77	171	140	95	29	3.3
2018	\$322	511	\$119,235	58	176	136	141	33	4.3
2019	\$325	484	\$115,808	56	182	118	128	29	4.4

JUNIOR CAMPS

Junior Camp Fees	2019	2018	
	\$64,090	\$72,836	down 12%
Junior Camp Supplies	\$(4,291)	\$(6,129)	
Wages – Camp Staff	\$(36,542)	\$(38,743)	
Contribution	<u>\$23,257</u>	<u>\$27,963</u>	down 17%

Camp Revenues (000)									
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
45	52	59	59	78	74	79	84	73	64

293 campers (out of a potential 540 maximum) attended our tennis camps in 2019, for a 54% utilization. Taking out the always sparsely-attended afternoon sessions, 268 campers attended the full day and AM sessions, for a 74% utilization, compared with 86% in 2018. Most of the drop in numbers was in the AM sessions, from 157 to 126.

<u>SHARED COSTS</u>	2019	2018	
Advertising	\$698	\$860	
Amortization	\$3,770	\$3,058	
Bank Charges	\$1,563	\$1,411	
Insurance	\$1,962	\$1,870	
Interest	(\$8,835)	(\$6,647)	
Office	\$8,006	\$5,901	
OTA Fees	\$1,545	\$1,545	
Professional Fees	\$4,700	\$2,825	
Property taxes	\$13,594	\$12,506	
Repairs and Maintenance	\$8,728	\$5,125	
Software Expense	\$2,791	\$2,410	
Steward Wages	\$25,958	\$24,619	
Contract Services	\$5,526	\$-	
Transportation	\$34	\$241	
Utilities and Communication	\$4,438	\$3,396	
Write-offs	\$23,218	\$-	
Recurring Costs	<u>\$97,706</u>	<u>\$59,120</u>	up 66%

Notes: Repairs and Maintenance were higher as we purchased new windscreens and spent more on plumbing and electricity as part of the clubhouse repairs, and we had trees and shrubs removed. Other cost increases were unavoidable. Interest income was higher as savings increased and interest was earned over the entire year, vs only part of 2018. Contract Services and Write-offs are new line-items this year.

<u>SUMMARY</u>	2019	2018	
Contribution: Membership	\$116,135	\$119,051	
Junior Camp	\$23,257	\$27,963	
Less: Shared costs	(\$97,706)	(\$59,120)	
Revenue less Expenditure	\$41,686	\$87,895	down 53%
Add back Amortization	\$3,770	\$3,058	
Fixed Assets -- write-offs	\$23,218	\$-	
Equals: Adjusted EBITDA*	\$68,674	\$90,953	down 24%
Less: investmnt in Working Capital	\$7,089	(\$8,593)	
Fixed Assets -- purchases	\$21,715	\$25,657	
Equals change in Cash – recur.	\$39,870	\$73,889	down 46%
Cash+ Investments Position	<u>\$497,256</u>	<u>\$457,386</u>	up 9%

Footnotes:

* **Adjusted EBITDA:** earnings before interest expense, income taxes, depreciation and amortization, as well as one-time, irregular and non-recurring items. This is a financial analysis metric used for performance analysis and debt capacity analysis.

	Overall Revenues and Adjusted EBITDA (000)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue	150	168	188	184	216	217	223	232	221	211
A-EBITDA	39	55	71	73	94	92	88	105	91	69

Change in income from 2018

Main drivers of the change in income: Write-offs \$23K, Camps \$5K, Membership \$3K, Pro Admin \$4.5K, Audit \$2K, Property Tax \$1K, Repairs & Maintenance \$3.5K, Utilities \$1K: Total \$43K. Apart from recurring Audit and Property Tax costs, these changes relate to specific events that happened this year.

EXPECTATIONS FOR 2020

- Repairs and Utilities are likely to revert to their previous ranges;
- Camp and Membership income can benefit from added publicity next year that will highlight our improvements in court and camp quality;
- The new LED lights will reduce conflict between players and camps, as some players will shift their morning games towards evening. Premium evening hours will increase by about a third, from about 6,500 hours now to about 8,500 hours (over the May-October months). This does not even take into account the expected 200% improvement in light quality on 4-6. Having five properly lit courts will make the club much more welcoming at night.
- We will continue to write off the capital costs of discarded older plans as our capital improvement plans solidify, but these are non-cash transactions;
- We will review the efficacy of having had the pro perform some of the administrative duties at the club this year.

Our annual savings and net income are important determinants of our borrowing capacity and our flexibility to try different business models while balancing membership fees and membership numbers. The recent declines in adjusted EBITDA of \$14K in 2018 and \$22K in 2019 show the natural variability in income that we can expect from time to time, and serve to caution us not to overextend ourselves. For that reason, the relatively modest improvements that we’re making this year, will permit us in 2020 to safely test Kingston’s appetite for more private outdoor tennis capacity.

Taco Meuter, Treasurer

[Audited Financial Statements \(13 pages\)](#)

**KINGSTON TENNIS CLUB
FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2019**

DRAFT

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**KINGSTON TENNIS CLUB
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AS AT SEPTEMBER 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Members

Opinion

We have audited the financial statements of Kingston Tennis Club (the Company), which comprise the statement of financial position as at September 30, 2019 and the statements of changes in net assets, revenue and expenditures 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 Company as at September 30, 2019, and its results of 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company'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 Company, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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**INDEPENDENT AUDITOR'S REPORT
(CONT'D)**

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 Company'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 Company'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 Company 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.

KINGSTON, Canada
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Chartered Professional Accountants
Licensed Public Accountants

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KINGSTON TENNIS CLUB
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	2019	2018
	\$	\$
ASSETS		
CURRENT		
Cash	206,722	64,295
Investments - Note 3	290,534	393,091
Accounts receivable		508
Prepaid expenses	4,417	4,343
Inventory - Note 5	999	219
HST receivable - capital	1,134	
	503,806	462,456
LONG-TERM		
Tangible capital assets - Note 4	374,311	379,584
	878,117	842,040
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	8,745	10,818
Government remittances payable	533	4,069
	9,278	14,887
NET ASSETS		
UNRESTRICTED	868,839	827,153
APPROVED ON BEHALF OF THE BOARD		
_____	Director, President	
_____	Director, Treasurer	
	878,117	842,040

The accompanying notes form an integral part of these financial statements
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**KINGSTON TENNIS CLUB
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	2019	2018
	\$	\$
NET ASSETS - BEGINNING OF YEAR	827,153	739,258
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	41,686	87,895
NET ASSETS - END OF YEAR	868,839	827,153

DRAFT

The accompanying notes form an integral part of these financial statements
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KINGSTON TENNIS CLUB
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2019	2018
	\$	\$
REVENUE		
Canteen and merchandise revenue	2,836	3,741
Court rental fees	2,943	2,695
Donations and other contributions	2,495	3,204
Interest	8,835	6,647
Junior camp	64,090	72,836
Lessons	7,090	5,562
Membership fees	115,808	119,235
Parking revenue	2,060	2,125
Rogers Cup Income	625	
Social and tournaments	4,991	4,561
	211,773	220,606
EXPENDITURES		
Advertising	698	860
Amortization	3,770	3,058
Bank charges	1,563	1,411
Canteen and merchandise expense	3,170	4,383
Contract services	5,526	
HST expense	11,552	12,049
Insurance	1,962	1,870
Junior camp supplies	4,291	6,129
Building Development Costs - Note 7	23,218	
OTA fees	1,545	1,545
Office	8,006	5,901
Parking expense	2,444	2,086
Professional fees	4,700	2,825
Property taxes	13,594	12,506
Repairs and maintenance	8,728	5,125
Rogers Cup	2,000	
Social and tournaments	3,547	3,554
Software expense	2,791	2,410
Transportation	34	241
Utilities and communication	4,438	3,396
Wages	62,510	63,362
	170,087	132,711
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	41,686	87,895

The accompanying notes form an integral part of these financial statements

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**KINGSTON TENNIS CLUB
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	2019 \$	2018 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	41,686	87,895
Adjustment for items which do not affect cash		
Amortization of equipment	3,770	3,058
Net change in non-cash working capital balances related to operations - Note 8	(7,089)	8,593
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	38,367	99,546
INVESTING AND FINANCING ACTIVITIES		
Purchase of tangible capital assets	1,503	(25,657)
Redemption (purchase) of investments	102,557	(393,091)
CASH FLOWS PROVIDED FROM (USED IN) INVESTING AND FINANCING ACTIVITIES	104,060	(418,748)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR	142,427	(319,202)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	64,295	383,497
CASH AND EQUIVALENTS - END OF YEAR	206,722	64,295
REPRESENTED BY:		
Cash	206,722	64,295

The accompanying notes form an integral part of these financial statements
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**KINGSTON TENNIS CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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) Investments

Investments are recorded at fair value.

(d) 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%

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**KINGSTON TENNIS CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

2. ACCOUNTING POLICIES (Cont'd)

(e) 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. INVESTMENTS

Investments held at year-end comprise of the following:

	2019	2018
	\$	\$
Home Trust Company GIC, 2.670% maturing February 13, 2020	34,273	
Equitable Bank GIC, 2.160%, maturing June 10, 2020	100,000	
Peoples Trust GIC, 2.150% maturing June 10, 2020	62,000	
Vancity Credit Union GIC, 2.200%, maturing June 25, 2020	92,077	
Matured GIC's		390,000
Accrued interest	2,184	3,091
	290,534	393,091

4. TANGIBLE CAPITAL ASSETS

	2019		2018	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	283,910		283,910	
Building	95,892	41,976	102,570	41,557
Equipment	4,575	2,959	4,575	2,554
Computer equipment	1,906	1,867	1,906	1,819
Fence	9,316	5,316	9,316	4,871
Courts	42,503	11,673	37,328	9,220
	438,102	63,791	439,605	60,021
Cost less accumulated amortization	\$ 374,311		\$ 379,584	

**KINGSTON TENNIS CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

5. INVENTORY

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

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. Some court improvements were completed in the current year. In addition to the option of building a new clubhouse on the lawn, the current board is exploring a variety of options at the clubhouse's current location.

The Kingston Tennis Club presently has no debt and has significant invested savings. As such, the Club has a high degree of financial security. If the Club assumes a mortgage to finance improvements, the Club needs to ensure the mortgage does not endanger the Club's ability to continue as a going concern.

**KINGSTON TENNIS CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

7. BUILDING DEVELOPMENT COSTS

During the period 2014 to 2019 there has been significant costs incurred towards the development of the club house. Many of these costs have been capitalized as part of the building costs. These costs have not been amortized as the new building was not yet available for use. Many of these past expenses incurred are no longer expected to be used in the final project and therefore have been expensed in the current year.

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

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

	2019 \$	2018 \$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	508	44
Inventory	(780)	826
HST recoverable	(1,134)	
Prepaid expenses	(74)	(364)
	(1,480)	506
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	(2,073)	7,448
Government remittances payable	(3,536)	1,213
Source deductions payable		(574)
	(5,609)	8,087
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(7,089)	8,593

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**KINGSTON TENNIS CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

9. 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.

10. 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.

5. Appointment of Auditors

We propose to re-appoint Wilkinson & Company LLP, as auditors for the 2020 Financial Year.

6. Facilities and Infrastructure

1. THE FLOOD.

Last November, on what was scheduled to be clean-up day, Rick Donaldson and I discovered a burst pipe in the office area which was spraying a geyser of water everywhere. This had gone undiscovered for at least a day or two and resulted in extensive damage to the office, to the women's change room below, and minor damage to the men's change room. The office area had to be completely gutted and rebuilt from the floor up, and extensive repairs were also required to the shower and toilet area in the women's room. The price tag for the tear-out and rebuild was \$20,000, but fortunately we were covered by insurance and the cost to the club was only the deductible - \$1,000.

The work was carried out by FirstOnSite over the winter and the clubhouse re-opened in April with a completely renovated office and rebuilt women's bathroom area. We also took the opportunity to do some more minor fix-ups - replacing stained and damaged ceiling tiles in the upstairs room and replacing a mouldy wall and installing a new vanity in the men's change room. So while the flood was a major nuisance, disaster was averted and we actually ended up with a somewhat improved and spruced up interior to the clubhouse.

2. OTHER STUFF.

Over the winter we also had various inspectors in to do safety, fire and structural assessments of the club. No serious defects or hazards were found. So, while the clubhouse is not perfect by any means, it's safe and structurally sound.

The clubhouse roof had been in increasingly poor shape for a couple of years with dozens of old shingles blowing off in every wind storm. There had been a couple of minor leaks which stained the ceiling tiles and in the spring a major leak appeared which could have caused serious damage. So a decision was made to re-shingle the roof at a cost of \$4,600. This was completed in one day in April shortly after the club opened and resulted in only minor inconvenience to the members. The roof is now water tight and leak free.

The club deck was also in poor shape and Rick Donaldson arranged a crew - including Dave Stocks, Carl Montgomery, Bud Nelson and me - to pull out and replace dozens of rotting deck Boards. Then Viki Andrevska marshalled her team - including Peta Bailey, Julie Hoffarth, Helen Peterson and their helpers: John O'Shea, Gauvin Bailey, Tim Smith, Susan Amari, Tracey Corrigan, Dilys Rapson, Gill Turnbull, and Lorna Sim - to sand, power wash and stain the deck an attractive green. Isabelle Pollock and Peta also purchased flowers and hanging baskets and the results are there for all to see. The deck has never looked so good.

Apart from these major projects there is always an endless stream of ongoing maintenance issues at the club, large and small - doors that stick, lawn mowers to be repaired, a broken ramp to the back room to be rebuilt, dead trees along court 7 to be removed, a broken net crank to be replaced, a dislodged centre anchor to be re-cemented, loads of junk to be taken to the dump, and countless other jobs, large and small. The person who is always on call and invariably takes care of these things without complaint - (well, maybe a tiny little complaint now and then) - is Rick Donaldson with, as always, a lot of help from Bud Nelson. Many thanks, guys.

3. THE FALL PROJECT.

Thanks to a lot of diligent work and determination by Paula Loh, the club received a \$150,000 Trillium grant this year for court improvements. This is the fourth Trillium grant the club has received but by far the largest and all credit for this one goes to Paula.

The club is now in the midst of a major capital improvement project, the elements of which are as follows:

- Re-paving courts 2 and 3 with a new 1 1/2 - 2 inch asphalt layer and spreading the courts out slightly, moving court 2 further from the fence and increasing the distance between courts 2 and 3.
- Installing new, modern, high quality lights on courts 2 and 3.
- Straightening the existing, leaning light poles on court 4 and installing new lights on 4,5,6 as the current lights are aging and losing power.
- Replacing all old and rusting galvanized fencing along the whole East side of the club (courts 1, 2 and 4) with higher (12') black coated fencing to prevent balls from escaping over the fence so easily. Removing old fencing and installing new, higher quality heavy duty fencing at each end of courts 2 and 3 - heavier gauge fencing which

will be less prone to bulging and curling up from the bottom as it tends to do now.

- Resurfacing courts 2 and 3 with Laykold Masters paint (a higher quality paint similar to that used at the U.S. Open.) We may also apply a fiberglass layer over these courts to help prevent cracking but a final decision has yet to be made on this.
- Installing new net and posts on court 3.

The budget for this work is approximately \$265,000 - \$150,000 from the Trillium grant and \$115,000 from club coffers. Much of this work will be done this fall - the paving, fence removal and installation of bases for the new light standards is already largely completed. Painting the courts requires consistently warm weather and we probably won't be able to have that done until at least June. In the meantime we plan to have temporary lines painted on courts 2 and 3 so they will be reasonably playable until they can be painted. New fencing and lights should be in place and all courts should be available for play for the club's traditional opening in late April.

Many thanks to Ben Doornekamp who has more than generously lent his time, expertise (and some of his men) to help us with this project. We simply couldn't have done it without him.

This is the largest project undertaken by the KTC in many decades and we hope it will raise the overall quality and attractiveness of the club, increase court availability and enhance the club experience for all members.

Doug Bowie
Chair, Facilities and Infrastructure Committee

7. Presidents' Reports & Club Activities

The board began its 2018-2020 term by developing a new committee structure and establishing terms of reference for the following six committees: Membership, Facilities & Infrastructure, Programs, Finance, Communications, and Governance & Board Development. The purpose of this was to increase clarity around objectives, roles and responsibilities of the board and board members. Ultimately, we believe that this committee structure could form the basis of the board's "work plan" which is an annual responsibility of the president according to our new bylaws.

The work plan helps the board rank objectives and ensures that they are monitored and met. Developing the new committee structure was a first step towards the work plan; however more work remains to establish a process for guiding the work of these committees, and empowering them to work effectively in a manner consistent with their terms of reference as defined by the full board.

The workload in recent years, combined with the unpredictability associated with a volunteer-workforce, has made it difficult to find time to dedicate to improving our processes and systems. However, these same factors make doing so all the more important, and I recommend that future boards continue efforts to make positive changes in the governance of the KTC.

The new committee structure did help us better define roles and responsibilities within the board and among our volunteers and helped ensure responsibilities were transferred when board turnover occurred.

The board, committees, and other volunteers accomplished a great deal in 2019 and we had a fun and successful tennis season! A challenging winter and rainy spring only slightly dampened our spirits and were almost forgotten by the time the sun came out and tennis was thoroughly enjoyed at the KTC!

The following committee reports outline key board and club activities in 2019.

Membership

Bud Nelson led the Membership Committee, and did a lot of work to ensure that the club ran successful socials and tournaments. Bud coordinated many volunteers in this area. Bud's recent resignation from the board has prevented a detailed account of the Committee's activities in this report, but the board is grateful to Bud and the volunteers he worked with for their on-going support of these critical functions within the KTC.

Programs

Pros

This year, for the first time in recent memory, the board decided to pay a stipend to our head pro. We hired Anne O'Neill in a part-time position. Anne taught private and group lessons, handled the scheduling, developed written lesson plans for junior instructors to work from (that she captured in a group lesson "playbook"), worked with our Camp Director to train camp staff, and acted as the Tournament Director for the Men's/Ladies' Doubles Championship (for which a volunteer was not available).

Anne also supervised our club pros Sarah Ross and Jack Lott, and handled the hiring of another part-time instructor, Victoria Preston, so that lessons could continue in the late summer and early fall, when Jack and Sarah were no longer available.

The experience of having the additional paid staff was helpful, particularly in supervising and scheduling the pros for group lessons, scheduling changes in the rainy spring we had, and ensuring a more formal approach to training junior instructors and camp staff resulting in consistent quality group instruction. At the same time there were certainly inefficiencies, mostly due to Anne not being acquainted with our club and its systems, and having to learn them. Also, as this role was new and somewhat undefined, quite a bit of communication was required to determine roles and responsibilities, thus creating extra work for our volunteers.

Feedback on the quality of private and group lessons was positive. Anne shared with me that she had a great summer at the KTC! We wish her the best in her position of Program Manager at the Centre of Social Impact in the Queen's School of Business. At this point, it's uncertain whether or not she'll be able to return next season.

Camps

Tristan O'Brien was our new Camp Director this year. Tristan shared many ideas with us for improving the camp experience for both staff and students. He led the development of a KTC Camp Training Manual and, along with Anne, ran a training session for camp staff in the spring. The manual and training focused heavily on staff responsibility and procedures regarding camper safety, and also ensuring energetic and positive attitudes of instructors.

Nerissa conducted parent surveys each week, and was able to report that parents and campers had positive experiences at our camp this year. We are

confident that we are in the process of improving our camp offering, but more work remains to ensure we understand recent trends in camp enrollment and to determine if further changes need to be made.

Tristan entered his first year at the Queen's School of Business, and is at this point planning to return as Camp Director next season.

Try/Learn/Play

After the relatively late hiring of Tristan as our Camp Director, we were delayed in organizing our Try/Learn/Play program which is a free one-hour program for elementary school classes.

Fortunately, Geoffrey Hodges, last year's Camp Director, agreed to lead these programs along with Tristan, and we had classes from several schools attend. The club received numerous requests from teachers who attended in previous years so even without actively advertising this program, we got significant enrollment. The TLP program gives students an introduction to tennis in a fun way and also promotes our summer camps.

Many thanks to Anne, Tristan, Geoff and our club pros and camp staff for the work they did this year teaching tennis to children in our community. Teaching tennis skills in a fun, organized and encouraging manner is critical to ensuring our tennis community stays strong for generations to come.

Secondary Schools

The club supports Secondary schools by opening up courts for two days in May to hold the Kingston Area Secondary School tournament and Eastern Ontario SS tournament. These two tournaments draw over 300 students to the KTC on the only courts in eastern Ontario able to host these tournaments in one location. The KTC does charge for these days. This year, Peter Stelter, club member and coach of the Regi Tennis Team, worked with the board to organize these tournaments, which benefit both our club and the wider regional community. Thanks Peter!

Queen's Tennis

Again this year, the Competitive and Recreational Queen's University Tennis Clubs used the KTC as their practice facilities. Competitive team members each purchase fall student memberships, while the Recreational club pays a set fee for a given court usage weekly.

This year, Mike Bartlett served as the main coordinator with Queen's Captain Zoe Sullivan. Mike and Zoe worked together to come up with a document

that the board and team can revisit each year and adjust as necessary, thus streamlining the process of coming up with a schedule and fees that best serve both the KTC and the Queen's clubs.

Communications

Director Heidi Traulsen began the process of streamlining our electronic channels to make our communications easier to manage and more consistent, and we will continue this in 2020. We have had quite a busy year dealing with a wide variety of incoming emails, club news and events, and outgoing announcements, and the sheer number and variety of channels has become unwieldy.

Governance

February Special Meeting

With the happy news of the KTC being awarded a \$150,000 Ontario Trillium Foundation grant to go towards rebuilding and installing new lights on Courts 2 and 3 came a request for a Special Meeting. On February 6, 2019 a group of members in accordance with club by-laws called for this meeting. The purpose of the meeting, according to the group's requisition to the Board, was to hold "a forum for the membership to receive updates from the KTC Board on recent events, as well as to discuss the feasibility of proceeding with construction of a new clubhouse in addition to and at the same time as the court work attached to the \$150,000 Ontario Trillium Foundation (OTF) Grant."

We welcomed a crowd of close to 50 KTC members, and provided current reports on the status of clubhouse safety as well as the OTF grant. We also detailed various concerns among the Board and membership about proceeding with any clubhouse project during the Fall of 2019. In the Q&A session that followed, we learned a lot from the discussion among Board members, Meeting Requisitioners and attendees, and look forward to finding a path towards upgraded clubhouse facilities, incorporating professional expertise as well as membership preferences.

Governance Training

Early in the winter, the board approved a \$500 expenditure for governance training with Leslie Jermyn (Executive Director of Queen's University Faculty Association). Chloe, Mike and Gary attended a 90 minute session in which we learned about the democratic process of meetings, meeting minutes, and efficient and effective board meetings. The concepts from this training can help the board move forward towards increasing clarity around board and

committee roles and responsibilities and hopefully one day shortening our board meetings.

Board Member Resignations

2019 saw an unusually high number of our board members resign from their positions on the board. For a variety of reasons, Gill Turnbull, Viki Andrevska, Heidi Traulsen, and Mike Halinski resigned from the board in the first half of the year. More recently, Bud Nelson and Mike Bartlett resigned.

While the remaining board members have pulled together to ensure continued successful operations of the KTC, as well as manage the Fall 2019 Ontario Trillium Foundation grant construction project, these resignations have meant more work for fewer people, in addition to work needing to be redistributed and people being trained in new tasks.

The volunteer and informal nature of our organization means that we must be prepared for turnover of board members and other volunteers. However, improvements can be made in the areas of recruiting and training so that board members and volunteers understand what's expected of them prior to joining and feel they can effectively contribute to the organization.

Further, it must be emphasized that volunteers have a limited amount of time and energy to dedicate to the KTC. It's crucial that members have reasonable expectations of board members and show patience, understanding and support. I'm sorry to say that this year, a tremendous amount of my own time and energy as well as that of many board members went into managing issues brought on by a small group of members who appeared to believe our new executive had to be pressured into being accountable to members. I believe this unexpected treatment of our executive undoubtedly contributed to distraction from important operating and governing tasks, a drop in volunteer spirit, as well as the resignations of some board members.

Hope for 2020

My hope for 2020 is that the board is able to develop priorities that best serve our club. I see these as:

- Completing the court resurfacing and lighting upgrades that have begun this fall.
- Working with members to define a vision for our club. Developing operating and governance models and capital investment that support this.
- Developing a workplan that outlines our priorities for 2020 and strategies to achieve them.

- Continuing to look for ways to streamline our operation and governance models, such as in the development of an operating manual.

I believe that the KTC has been through a turbulent time in the last few years, brought on by an excessive focus on our clubhouse. This past year was different: our board was friendly and cohesive and we held open discussion around our priorities and challenges.

My hope is that now we can move forward to having the much-needed time to engage with members and collectively create an achievable vision for our club.

Chloe Wilson, President

8. Other Business

9. Adjournment

- Refreshments