

**Bermuda Lawn Tennis
Association**

**Financial Statements and
Independent Auditors' Report**

December 31, 2015 and 2014

INDEPENDENT AUDITORS' REPORT

To the Members of
The Bermuda Lawn Tennis Association

We have audited the accompanying financial statements of the Bermuda Lawn Tennis Association (the "Association") which comprise the statement of financial position as at December 31, 2015 and 2014, the statements of operations, changes in net assets, and cash flows for the years 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 with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Bermuda and Canada. 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenues from annual memberships and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2015 and 2014, and current assets and net assets as at December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 included a similar qualified opinion.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Bermuda Lawn Tennis Association as at December 31, 2015 and 2014, and the results of its financial performance, its changes in net assets, and its cash flows for the years then ended in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada.

Deloitte Ltd.

November 30, 2016

BERMUDA LAWN TENNIS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
as at December 31, 2015 and 2014
(expressed in Bermuda dollars)

	2015	2014
CURRENT ASSETS		
Cash	\$ 126,944	\$ 139,377
Accounts receivable	18,426	1,788
Accrued revenue	-	279
Prepaid expenses	-	5,164
	<u>145,370</u>	<u>146,608</u>
FIXED ASSETS	<u>2,347</u>	<u>6,401</u>
	<u><u>\$ 147,717</u></u>	<u><u>\$ 153,009</u></u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 7,391	\$ 48,892
Deferred revenue (Note 3)	53,375	40,135
Custodian accounts (Note 4)	44,863	27,771
	<u>105,629</u>	<u>116,798</u>
NET ASSETS		
Restricted net assets	69,651	81,373
Unrestricted net assets	(27,563)	(45,162)
	<u>42,088</u>	<u>36,211</u>
	<u><u>\$ 147,717</u></u>	<u><u>\$ 153,009</u></u>

See accompanying notes to the financial statements

APPROVED BY THE BOARD:

.....Director

.....Director

BERMUDA LAWN TENNIS ASSOCIATION
STATEMENTS OF OPERATIONS
years ended December 31, 2015 and 2014
(expressed in Bermuda dollars)

	2015	2014
REVENUES		
Tournaments and programs – sponsorship	\$ 132,342	\$ 156,308
Donations	83,044	31,669
Tournaments and programs – fees	18,310	6,462
Leagues	10,660	1,660
Memberships	10,345	14,250
Government grant	10,000	40,000
Other grants	9,563	7,100
Miscellaneous income	8,167	11,128
Other income	1,505	-
Interest income	61	135
	<hr/> 283,997	<hr/> 268,712
EXPENSES		
Administrative expenses		
Audit (Note 2)	20,000	20,000
Salaries and related costs	19,392	25,214
Office	12,823	28,796
Other administrative expenses	2,492	1,224
Depreciation	2,559	2,092
Bank charges	594	565
Advertising	250	-
Operating expenses		
Travel, accommodation and entertainment	105,793	130,371
Coaches	44,347	45,923
Officials, umpires and linespersons	21,716	12,428
Other operating expenses	11,853	16,676
Equipment and uniforms	11,241	11,969
Tennis balls	8,022	2,584
Courts	6,524	8,192
Membership and sanction fees	5,664	5,491
Trophies and prizes	3,275	2,629
Other professional fees	1,575	1,550
	<hr/> 278,120	<hr/> 315,704
EXCESS/(DEFICIENCY) OF EXPENSES OVER REVENUES	<hr/> \$ 5,877	<hr/> \$ (46,992)

See accompanying notes to the financial statements

BERMUDA LAWN TENNIS ASSOCIATION
STATEMENTS OF CHANGES IN NET ASSETS
years ended December 31, 2015 and 2014
(expressed in Bermuda dollars)

	Unrestricted	Restricted Funds					2015 Total	2014 Total
		General Fund	Under Privileged Children	Adult Travel	Junior Development	Schools Program	Bank of Bermuda ITF Tournament	
Net assets								
— beginning of year	\$	(45,162)	\$ 4,420	\$ 5,793	\$ 33,285	\$ 35,000	\$ 2,875	\$ 83,203
Revenue		100,780	-	17,419	54,997	24,650	86,151	268,712
Expenses		(104,740)	-	(17,419)	(53,576)	(24,774)	(77,611)	(315,704)
Transfers		21,559	-	(32)	11,415	(21,527)	(11,415)	-
Net assets								
— end of year	\$	(27,563)	\$ 4,420	\$ 5,761	\$ 46,121	\$ 13,349	\$ -	\$ 36,211

See accompanying notes to the financial statements

THE BERMUDA LAWN TENNIS ASSOCIATION
STATEMENTS OF CASH FLOWS
years ended December 31, 2015 and 2014
(expressed in Bermuda dollars)

	2015	2014
OPERATING ACTIVITIES:		
Excess/(deficit) of expenses over revenue	\$ 5,877	\$ (46,992)
Adjustments for:		
Depreciation of fixed assets	2,559	2,092
Profit on sale of fixed assets	(1,505)	-
Changes in assets and liabilities:		
Accounts receivable	(16,638)	(1,788)
Accrued revenue	279	(279)
Prepaid expenses	5,164	147
Accounts payable and accrued liabilities	(41,501)	25,207
Deferred revenue	13,240	3,020
Custodian accounts	17,092	(11,673)
Net cash provided by (used in) operating activities	<u>(15,433)</u>	<u>(30,266)</u>
INVESTING ACTIVITIES:		
Sale/(purchase) of fixed assets	3,000	(6,810)
Cash provided by/(used in) investing activities	<u>3,000</u>	<u>(6,810)</u>
NET INCREASE (DECREASE) IN CASH	(12,433)	(37,076)
CASH, BEGINNING OF YEAR	139,377	176,453
CASH, END OF YEAR	\$ <u>126,944</u>	\$ <u>139,377</u>

See accompanying notes to the financial statements

THE BERMUDA LAWN TENNIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
years ended December 31, 2015 and 2014
(expressed in Bermuda dollars)

1. DESCRIPTION OF BUSINESS

The Bermuda Lawn Tennis Association (the "Association") is a registered charity, and was founded in 1967, incorporated under the laws of Bermuda as a local company. The Association's primary focus is the promotion and development of the sport of tennis in Bermuda.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada ("Part III").

Use of estimates

The preparation of these financial statements in conformity with Part III requires management to make estimates and assumptions that affect the reported amount 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. These estimates are reviewed periodically and adjustments are made to revenues and expenditures as appropriate in the year they become known.

Revenue recognition

The Association follows the restricted fund method of accounting for contributions. Restricted contributions received related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. All other restricted contributions received are recognized as revenue of the appropriate restricted fund. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Revenues earned from events held by the Association are recognized net of incurred expenses relating to the event including prizes, entertainment and general expenses.

Membership fee income is recorded in the statement of revenues and expenses in the period to which it relates. Donations and grants are recognized on the accrual basis where receipt is assured.

Fixed assets

Fixed assets are depreciated in accordance with accounting practices. Donated fixed assets are recognized at fair value at the time of donation in the statement of financial position and as donation income.

BERMUDA LAWN TENNIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014
(expressed in Bermuda dollars)

2. ACCOUNTING POLICIES (continued)

Custodian accounts

Custodian accounts represent monies held by the Association which are designated for certain expenditure as and when the persons raising the funds propose the expenditure. Income and expenses relating to these accounts are not recognized in the income statement as they are not income or expenses of the Association.

Donated services

The Association records the value of donated services at fair value when the fair value can be reasonably estimated and the services are normally purchased and would be paid for if not donated.

Audit fees are recorded at their fair value of \$20,000. The full amount was donated and recorded in donations revenue.

Financial instruments

Financial assets and financial liabilities are initially recognized, using settlement date accounting, at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Association's designation of such instruments.

Classification

Cash	Held for trading
Accounts receivable	Receivables
Accounts payable and accrued liabilities	Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, gains and losses realized on disposal and unrealized gains and losses are included in the statement of operations.

Receivables

Receivables are accounted for at amortized cost using the effective interest method. The fair value of accounts receivable approximates their carrying values due to their short-term nature.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities. The fair value of accounts payable approximates their carrying value due to their short-term nature.

BERMUDA LAWN TENNIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2014
(expressed in Bermuda dollars)

3. DEFERRED REVENUE

	Balance Dec 31, 2014	Contributions received during the year	Recognised as revenue during the year	Balance Dec 31, 2015
Schools Program	\$ 35,000	\$ -	\$ (21,650)	\$ 13,350
Donations	-	37,500	-	37,500
Membership Dues	5,135	1,725	(5,135)	1,725
Tennis Programmes	-	800	-	800
	<u>\$ 40,135</u>	<u>\$ 40,025</u>	<u>\$ (26,785)</u>	<u>\$ 53,375</u>

4. CUSTODIAN ACCOUNTS

	2015	2014
Adult Travel		
Davis Cup Funds	\$ 5,760	\$ 5,793
Junior Development		
Way Family Memorial Fund	7,363	7,363
National Junior Elite Athletes	4,870	4,870
Underprivileged children grant	4,420	4,420
Craig Bean Memorial Fund	2,450	2,450
Facility Development – AMLIN Fund	20,000	-
Bank of Bermuda ITF Tournament	-	2,875
	<u>\$ 44,863</u>	<u>\$ 27,771</u>

The custodian accounts are included within restricted net assets.

**BERMUDA LAWN TENNIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2015 and 2014
(expressed in Bermuda dollars)

5. FINANCIAL INSTRUMENTS RISKS

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure as at December 31, 2015. Reference should be made to the balance sheet and related notes for the quantitative values of the financial statement items referred to herein.

Liquidity risk

The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Changes in risk

There have been no significant changes in the Association's risk exposures from the 2014 fiscal year.