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KANATA MINOR HOCKEY ASSOCIATION

FINANCIAL STATEMENTS

APRIL 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Kanata Minor Hockey Association:

Audit Report

We have audited the financial statements of Kanata Minor Hockey Association, which comprise the statements of financial position as at April 30, 2017 and April 30, 2016 and the statements of fund operations and 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 the 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many similar organizations, the Association derives revenues from fundraising activities, the completeness of which is not susceptible of 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 fundraising revenues, excess of revenues over expenses, assets and net assets.

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 Kanata Minor Hockey Association as at April 30, 2017 and April 30, 2016 and the results of its operations and cash flows for the years then ended, in accordance with Canadian accounting standards for not-for-profit organizations.



WGP PROFESSIONAL ASSOCIATION

CHARTERED ACCOUNTANTS

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

Ottawa, Ontario
October 16, 2017


KANATA MINOR HOCKEY ASSOCIATION


STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2017

	2017			2016
	Operating Fund \$	Net investment in capital assets \$	Total \$	Total \$
Assets				
Cash	317,373	-	317,373	251,671
Accounts receivable	3,929	-	3,929	3,565
Interfund loan	(117,066)	117,066	-	-
	204,236	117,066	321,302	255,236
Capital assets (note 3)	-	62,969	62,969	116,436
	204,236	180,035	384,271	371,672
Liabilities				
Accounts payable and accrued liabilities	7,014	-	7,014	6,876
Commitment (note 6)				
Net assets	197,222	180,035	377,257	364,796
Represented by:				
Operating fund	197,222	-	197,222	248,360
Net investment in capital assets (note 4)	-	180,035	180,035	116,436
	197,222	180,035	377,257	364,796

Approved by the Board:





KANATA MINOR HOCKEY ASSOCIATION

STATEMENT OF FUND OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2017

	2017			2016
	Operating Fund actual \$	Net investment in capital assets actual \$ (note 4)	Total actual \$	Total actual \$
Revenue				
Registration fee (net of subsidies) and tryouts	1,059,172	-	1,059,172	1,030,708
Ice rentals	229,240	-	229,240	228,672
Referee	98,399	-	98,399	107,502
Clinics	-	-	-	5,187
Miscellaneous and other income	20,040	-	20,040	23,430
Transfer to capital assets (note 4)	(125,000)	125,000	-	-
	1,281,851	125,000	1,406,851	1,395,499
Expenses				
Hockey programs - referee costs	193,342	-	193,342	212,036
Hockey programs - ice rental & scheduling costs	882,748	-	882,748	881,853
Hockey programs - development & clinics	26,837	-	26,837	24,103
Hockey programs - league fees	13,440	-	13,440	12,834
Hockey programs - equipment	13,009	-	13,009	8,746
Hockey programs - other	9,703	-	9,703	6,019
Insurance	84,041	-	84,041	85,089
Rental	15,496	-	15,496	15,259
Office and administration	73,437	-	73,437	81,333
Professional fees	12,731	-	12,731	3,376
Interest, bank charges and merchant fees	30,591	-	30,591	29,439
Miscellaneous	1,179	-	1,179	1,073
Amortization of capital assets	-	60,199	60,199	67,680
Loss on disposal of capital assets	-	1,202	1,202	-
	1,356,554	61,401	1,417,955	1,428,840
Income (loss) from general operations	(74,703)	63,599	(11,104)	(33,341)
Fundraising activities - net of costs	23,565	-	23,565	5,009
Excess (deficiency) of revenue over expenses for the year	(51,138)	63,599	12,461	(28,332)
Net assets, beginning of the year	248,360	116,436	364,796	393,128
Net assets, end of the year	197,222	180,035	377,257	364,796

KANATA MINOR HOCKEY ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2017

	2017			2016
	Operating Fund \$	Net investment in capital assets \$	Total \$	Total \$
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenue over expenses for the year	(51,138)	63,599	12,461	(28,332)
Less non-cash expenses:				
Amortization	-	60,199	60,199	67,680
Changes in non-cash working capital balances:				
Accounts receivable	(364)	-	(364)	(3,219)
Prepaid expenses	-	-	-	86,446
Accounts payable and accrued liabilities	138	-	138	(4,824)
Interfund loan	117,066	(117,066)	-	-
	65,702	6,732	72,434	117,751
Investing activities:				
Sale (purchase) of investments	-	-	-	5,292
Purchase of capital assets (net disposals)	-	(6,732)	(6,732)	(173,874)
Increase (decrease) in cash during the year	65,702	-	65,702	(50,831)
Cash, beginning of the year	251,671	-	251,671	302,502
Cash, end of the year	317,373	-	317,373	251,671
Supplemental information:				
Interest received	-	-	-	87

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2017

1. Operations

The Association is incorporated as a non-profit organization under The Corporations Act of Ontario. As such it is exempt from income taxes.

The Association has over 1,700 children playing in House League and Competitive divisions. The objective of the Association is to foster and encourage the sport of minor hockey throughout the former City of Kanata (now part of the City of Ottawa).

2. Significant accounting principles

(a) Canadian accounting standards for not-for-profit organizations

The Association applies Canadian accounting standards for not-for-profit organizations.

(b) Fund accounting

The Association follows the restricted method of accounting for contributions.

The operating fund reports registration fees collected from teams and registrants, and expenses related to the operations and administration of the Association.

Net investment in capital assets reports the amounts appropriated for the acquisition of capital assets less the accumulated amortization of the assets acquired. Amounts appropriated to capital assets include amounts approved by the Executive over and above amounts spent or intended to be spent in any current fiscal year.

(c) Capital assets

Capital assets are recorded at cost and are amortized according to the straight-line method commencing in the year of acquisition, as follows:

Sweaters and goalie equipment	3 years
Furniture and fixtures	5 years
Office, general, and computer equipment	5 years

(d) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement depends on the nature of the financial instrument.

The Association's financial instruments are measured as follows:

Financial Asset/Liability	Measurement
Cash	Fair value
Investments	Amortized cost
Accounts receivable	Amortized cost
Accounts payable	Amortized cost

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2017

2. Significant accounting principles (continued)

(e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(f) Revenue recognition

Revenue from teams and registrants are recognized when collected.

(g) Inventory

Inventory consists of items held for resale. These are valued at the lower of actual cost and net realizable value.

3. Capital assets

The capital assets are as follows:

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Sweaters	172,742	115,162	57,580	115,162
Goalie equipment	53,051	50,519	2,532	-
Office equipment	1,242	1,242	-	-
Furniture and fixtures	1,911	1,911	-	-
General equipment	10,254	10,254	-	-
Computer equipment	7,424	4,567	2,857	1,274
	<u>246,624</u>	<u>183,655</u>	<u>62,969</u>	<u>116,436</u>

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2017

4. Net investment in capital assets

The change in net assets invested in capital assets is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance, beginning of the year	116,436	10,242
Amounts transferred for the purchase of capital assets	125,000	173,874
Amortization expense	(60,199)	(67,680)
Loss on disposal of capital assets	(1,202)	-
	<u>180,035</u>	<u>116,436</u>

5. Financial instruments and risk management

The Association's financial instruments consist of cash, investments, accounts receivable, and accounts payable. Credit risk refers to the risk resulting from the possibility that parties may default on their financial obligations to the organization. Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

6. Commitment

The Association has entered into a one year agreement for the rental of office, board room and storage space from the City of Ottawa ending December 31, 2018. The commitment under this contract, based on the Association's fiscal year end, are approximately as follows: 2018 – \$15,500 and 2019 – \$10,300.

7. Income taxes

The Association is a not-for-profit-organization and hence is exempt from income taxes.

8. Remuneration to officers and directors

The remuneration to officers and directors during the year was nil (2016 – nil).

9. Economic dependence

The Association rents the most significant portion of its ice from the City of Ottawa (2017 – 68%; 2016 – 66%).

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2017

10. Volunteer services

The activities of the Association are dependent upon the voluntary services of many of its members. No amounts are reflected in the financial statements for these contributed services since there is no objective basis available to measure the value of these services.

11. Capital management

As a not-for-profit entity, the Association's operations are reliant on revenues generated annually. Over its history, the Association has accumulated net assets in its operating fund. A portion of the accumulated net assets, in the operating fund, is retained as working capital which may be required from time to time due to timing delays in receiving external funding. The remaining balance in the operating fund is available for the use of the Association at management's discretion.