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KANATA MINOR HOCKEY ASSOCIATION

FINANCIAL STATEMENTS

APRIL 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of the 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, 2018 and April 30, 2017 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, 2018 and April 30, 2017 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 Corporation

WGP PROFESSIONAL ASSOCIATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

Ottawa, Ontario
November 14, 2018


KANATA MINOR HOCKEY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2018

	2018			2017
	Operating Fund \$	Net investment in capital assets \$	Total \$	Total \$
Assets				
Cash	259,683	-	259,683	317,373
Accounts receivable	23,859	-	23,859	3,929
Prepaid rent (note 6)	10,331	-	10,331	-
Interfund loan	(169,213)	169,213	-	-
	<u>124,660</u>	<u>169,213</u>	<u>293,873</u>	<u>321,302</u>
Capital assets (note 3)	-	5,254	5,254	62,969
	<u>124,660</u>	<u>174,467</u>	<u>299,127</u>	<u>384,271</u>
Liabilities				
Accounts payable and accrued liabilities	8,895	-	8,895	7,014
Net assets	<u>115,765</u>	<u>174,467</u>	<u>290,232</u>	<u>377,257</u>
Represented by:				
Operating fund	115,765	-	115,765	197,222
Net investment in capital assets (note 4)	-	174,467	174,467	180,035
	<u>115,765</u>	<u>174,467</u>	<u>290,232</u>	<u>377,257</u>

Approved by the Board:



KANATA MINOR HOCKEY ASSOCIATION

STATEMENT OF FUND OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2018

	2018			2017
	Operating Fund actual \$	Net investment in capital assets actual \$ (note 4)	Total actual \$	Total actual \$
Revenue				
Registration fee (net of subsidies) and tryouts	1,035,120	-	1,035,120	1,059,172
Ice rentals	241,714	-	241,714	229,240
Referee	101,124	-	101,124	98,399
Clinics	7,164	-	7,164	-
Miscellaneous and other income	25,389	-	25,389	20,040
Transfer to capital assets (note 4)	(55,000)	55,000	-	-
	<u>1,355,511</u>	<u>55,000</u>	<u>1,410,511</u>	<u>1,406,851</u>
Expenses				
Hockey programs - referee costs	207,418	-	207,418	193,342
Hockey programs - ice rental & scheduling costs	935,665	-	935,665	882,748
Hockey programs - development & clinics	39,228	-	39,228	26,837
Hockey programs - league fees	14,410	-	14,410	13,440
Hockey programs - equipment	19,624	-	19,624	13,009
Hockey programs - other	18,354	-	18,354	9,703
Insurance	80,875	-	80,875	84,041
Rental	15,496	-	15,496	15,496
Office and administration	75,635	-	75,635	73,437
Professional fees	6,858	-	6,858	12,731
Interest, bank charges and merchant fees	32,635	-	32,635	30,591
Miscellaneous	1,481	-	1,481	1,179
Amortization of capital assets	-	60,568	60,568	60,199
Loss on disposal of capital assets	-	-	-	1,202
	<u>1,447,679</u>	<u>60,568</u>	<u>1,508,247</u>	<u>1,417,955</u>
Income (loss) from general operations	(92,168)	(5,568)	(97,736)	(11,104)
Fundraising activities - net of costs	10,711	-	10,711	23,565
Excess (deficiency) of revenue over expenses for the year	(81,457)	(5,568)	(87,025)	12,461
Net assets, beginning of the year	197,222	180,035	377,257	364,796
Net assets, end of the year	<u>115,765</u>	<u>174,467</u>	<u>290,232</u>	<u>377,257</u>

KANATA MINOR HOCKEY ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2018

	2018			2017
	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	(81,457)	(5,568)	(87,025)	12,461
Less non-cash expenses:				
Amortization	-	60,568	60,568	60,199
Changes in non-cash working capital balances:				
Accounts receivable	(19,931)	-	(19,931)	(364)
Prepaid expenses	(10,330)	-	(10,330)	-
Accounts payable and accrued liabilities	1,881	-	1,881	138
Interfund loan	52,147	(52,147)	-	-
	<u>(57,690)</u>	<u>2,853</u>	<u>(54,837)</u>	<u>72,434</u>
Investing activities:				
Purchase (disposal) of capital assets	-	(2,853)	(2,853)	(6,732)
Increase (decrease) in cash during the year	(57,690)	-	(57,690)	65,702
Cash, beginning of the year	317,373	-	317,373	251,671
Cash, end of the year	<u>259,683</u>	<u>-</u>	<u>259,683</u>	<u>317,373</u>

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2018

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 approximately 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 fund 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 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, 2018

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, registrants, donations, and other income 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:

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Sweaters	175,594	173,692	1,902	57,580
Goalie equipment	53,051	51,785	1,266	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	5,338	2,086	2,857
	<u>249,476</u>	<u>244,222</u>	<u>5,254</u>	<u>62,969</u>

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2018

4. Net investment in capital assets

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance, beginning of the year	180,035	116,436
Amounts transferred for the purchase of capital assets	55,000	125,000
Amortization expense	(60,568)	(60,199)
Loss on disposal of capital assets	-	(1,202)
	<u>174,467</u>	<u>180,035</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. Prepaid rent

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 amount prepaid under this contract, based on the Association's fiscal year end, is approximately \$10,331.

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 (2017 – nil).

9. Economic dependence

The Association rents the most significant portion of its ice from the City of Ottawa (2018 – 70%; 2017 – 68%).

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2018

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.