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**KANATA MINOR HOCKEY ASSOCIATION**

**FINANCIAL STATEMENTS**

**APRIL 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

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To the Owners 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, 2013 and April 30, 2012 and the statements of fund operations and changes in net assets and cash flow for the years ended April 30, 2013 and April 30, 2012, 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 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 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, 2013 and April 30, 2012 and the results of its operations and cash flow for the years ended April 30, 2013 and April 30, 2012, in accordance with Canadian accounting standards for not-for-profit organizations.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 2(a) to the financial statements which describes that Kanata Minor Hockey Association retrospectively adopted Canadian accounting standards for not-for-profit organizations on May 1, 2012 with a transition date of May 1, 2011. These standards were applied by management to the comparative information in these financial statements, including the statements of financial position as at April 30, 2012 and May 1, 2011, and the statements of fund operations and changes in net assets, and change in cash flow for the year ended April 30, 2012 and related disclosures.

**Other Matter**

Without modifying our opinion, we draw attention to Note 12 to the financial statements which describes that the May 1, 2011 balances were unaudited.

  
WGP PROFESSIONAL ASSOCIATION  
CHARTERED ACCOUNTANTS  
Authorized to Practise Public Accounting by  
The Institute of Chartered Accountants of Ontario

Ottawa, Ontario  
July 8, 2013

# KANATA MINOR HOCKEY ASSOCIATION

## STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2013

	April 30 2013			April 30 2012	May 1 2011
	Operating Fund \$	Net investment in capital assets \$	Total \$	Total \$	Total \$ (unaudited) (note 2(a))
<b>Assets</b>					
Cash	292,149	-	292,149	246,094	94,214
Short term investments	5,408	-	5,408	5,238	5,238
Accounts receivable	-	-	-	-	4,785
Prepaid expenses	-	-	-	-	16,683
Inventory	-	-	-	2,518	25,983
	<u>297,557</u>	<u>-</u>	<u>297,557</u>	<u>253,850</u>	<u>146,903</u>
<b>Capital assets (note 3)</b>					
Sweaters and goalie equipment	-	165,547	165,547	143,940	156,264
Furniture and fixtures	-	1,911	1,911	1,911	1,911
Office, general and computer equipment	-	16,665	16,665	15,533	14,204
	<u>-</u>	<u>184,123</u>	<u>184,123</u>	<u>161,384</u>	<u>172,379</u>
Less: accumulated amortization	<u>-</u>	<u>(134,574)</u>	<u>(134,574)</u>	<u>(126,744)</u>	<u>(139,682)</u>
Total net capital assets	<u>-</u>	<u>49,549</u>	<u>49,549</u>	<u>34,640</u>	<u>32,697</u>
Total assets	<u>297,557</u>	<u>49,549</u>	<u>347,106</u>	<u>288,490</u>	<u>179,600</u>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	8,125	-	8,125	21,591	3,798
Commitment (note 6)					
Net assets	<u>289,432</u>	<u>49,549</u>	<u>338,981</u>	<u>266,899</u>	<u>175,802</u>
<b>Represented by:</b>					
Operating fund	289,432	-	289,432	232,259	143,105
Net investment in capital assets (note 4)	<u>-</u>	<u>49,549</u>	<u>49,549</u>	<u>34,640</u>	<u>32,697</u>
	<u>289,432</u>	<u>49,549</u>	<u>338,981</u>	<u>266,899</u>	<u>175,802</u>

Approved by the Board:

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(The accompanying notes are an integral part of these financial statements)

## KANATA MINOR HOCKEY ASSOCIATION

### STATEMENT OF FUND OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2013

	2013			2012
	Operating Fund actual \$	Net investment in capital assets actual \$ (note 4)	Total actual \$	Total actual \$ (note 12)
<b>Revenue</b>				
Registration fee (net of subsidies)	1,008,365	-	1,008,365	999,217
Ice rentals	270,298	-	270,298	273,418
Referee	88,070	-	88,070	77,845
Tryouts	46,400	-	46,400	42,670
Clinics	18,394	-	18,394	23,830
Miscellaneous and other income	41,026	-	41,026	20,715
Transfer to capital assets	(54,966)	54,966	-	-
	<u>1,417,587</u>	<u>54,966</u>	<u>1,472,553</u>	<u>1,437,695</u>
<b>Expenses</b>				
Hockey programs - referee costs	178,927	-	178,927	168,969
Hockey programs - ice rentals	898,072	-	898,072	911,266
Hockey programs - development and clinics	43,278	-	43,278	30,160
Hockey programs - league fees	14,803	-	14,803	15,713
Hockey programs - equipment	41,671	-	41,671	28,424
Hockey programs - other	3,671	-	3,671	4,163
Insurance	68,137	-	68,137	65,338
Rental	15,322	-	15,322	15,322
Donations	18,910	-	18,910	16,419
Office and administration	72,925	-	72,925	63,306
Professional fees	5,560	-	5,560	7,395
Interest, bank charges and merchant fees	31,466	-	31,466	27,801
Miscellaneous	3,461	-	3,461	2,241
Amortization of capital assets	-	40,057	40,057	32,752
	<u>1,396,203</u>	<u>40,057</u>	<u>1,436,260</u>	<u>1,389,269</u>
Income (loss) from general operations	21,384	14,909	36,293	48,426
Fundraising activities - net of costs	35,789	-	35,789	42,671
Excess (deficiency) of revenue over expenses for the year	57,173	14,909	72,082	91,097
Net assets, beginning of the year	<u>232,259</u>	<u>34,640</u>	<u>266,899</u>	<u>175,802</u>
Net assets, end of the year	<u>289,432</u>	<u>49,549</u>	<u>338,981</u>	<u>266,899</u>

(The accompanying notes are an integral part of these financial statements)

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**KANATA MINOR HOCKEY ASSOCIATION****STATEMENT OF CASH FLOW****FOR THE YEAR ENDED APRIL 30, 2013**

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	<b>2013</b>			<b>2012</b>
	Operating Fund \$	Net investment in capital assets \$	Total \$	Total \$
Cash provided by (used in) operating activities:				
Excess of revenue over expenses for the year	57,173	14,909	72,082	91,097
Non-cash expense - amortization	-	40,057	40,057	32,752
Increase (decrease) in noncash working capital items				
Accounts receivable	-	-	-	4,785
Inventory	2,518	-	2,518	23,465
Prepaid expenses	-	-	-	16,683
Accounts payable and accrued liabilities	(13,466)	-	(13,466)	17,793
	46,225	54,966	101,191	186,575
Increase (decrease) in cash from investing activities:				
Sale (purchase) of investments	(170)	-	(170)	-
Sale (purchase) of capital assets	-	(54,966)	(54,966)	(34,695)
Increase in cash during the year	46,055	-	46,055	151,880
Cash, beginning of the year	246,094	-	246,094	94,214
Cash, end of the year	292,149	-	292,149	246,094
Supplemental information:				
Interest received	170	-	170	-

(The accompanying notes are an integral part of these financial statements)

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**KANATA MINOR HOCKEY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

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**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) First time adoption of Canadian accounting standards for not-for-profit organizations

On May 1, 2012, the Association adopted Canadian accounting standards for not-for profit organizations. The standards were adopted retrospectively. There were no changes to the net assets of the operating and reserve fund as at the transition date.

(b) Fund accounting

The Association follows the restricted method of accounting for contributions.

The operating fund reports any 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 historical cost of capital assets less the accumulated amortization of those assets.

(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:

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

(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.

**KANATA MINOR HOCKEY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Significant accounting principles (continued)**

(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**

	<b>2013</b>			<b>2012</b>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Sweaters	116,295	69,283	47,011	31,942
Goalie equipment	49,253	49,253	-	-
Office equipment	1,242	1,242	-	-
Furniture and fixtures	1,911	1,911	-	383
General equipment	10,254	10,254	-	-
Computer equipment	5,168	2,631	2,538	2,315
	<u>184,123</u>	<u>134,574</u>	<u>49,549</u>	<u>34,640</u>

**4. Net investment in capital assets**

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

	<b>2013</b>	<b>2012</b>
	\$	\$
Balance, beginning of the year	34,640	32,697
Capital assets purchased during the year	54,966	34,695
Amortization expense	<u>(40,057)</u>	<u>(32,752)</u>
Balance, end of the year	<u>49,549</u>	<u>34,640</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**

(a) The Association entered into a lease agreement for the office space from March 1, 2000 to February 28, 2009 and is awaiting an amended lease agreement from the City of Ottawa. The commitment calls for annual payments of approximately \$10,600 with an additional \$1,400 in base rent totalling \$12,000.

**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.

**9. Ice rental**

The Association rents the most significant portion of its ice from the City of Ottawa.



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**KANATA MINOR HOCKEY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

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**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 and reserve funds. 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. The net asset balance in the reserve fund is available for financing future charges to the reserve fund as proposed by the Association's reserve fund study and subject to management's discretion.

**12. Comparative amounts**

The comparative amounts dated May 1, 2011 presented on the Statement of Financial Position were prepared without audit. In addition, the comparative amounts presented on the Statement of Fund Operations and Changes in Net Assets have been restated for presentation purposes in these financial statements.