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**KANATA MINOR HOCKEY ASSOCIATION**

**FINANCIAL STATEMENTS**

**APRIL 30, 2015**

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## INDEPENDENT AUDITORS' REPORT

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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, 2015 and April 30, 2014 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 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, 2015 and April 30, 2014 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.

A handwritten signature in blue ink that reads "WGP Professional Association". The signature is written in a cursive, flowing style.

WGP PROFESSIONAL ASSOCIATION  
CHARTERED ACCOUNTANTS  
Authorized to Practise Public Accounting by the  
Chartered Professional Accountants of Ontario

Ottawa, Ontario  
November 9, 2015

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# KANATA MINOR HOCKEY ASSOCIATION

## STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2015

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	2015			2014
	Operating Fund \$	Net investment in capital assets \$	Total \$	Total \$
Assets				
Cash	302,502	-	302,502	393,418
Accounts receivable	346	-	346	-
Prepaid expense (note 3)	86,446	-	86,446	-
Short term investments	5,292	-	5,292	5,467
	<u>394,586</u>	<u>-</u>	<u>394,586</u>	<u>398,885</u>
Capital assets (note 3)	<u>-</u>	<u>10,242</u>	<u>10,242</u>	<u>38,478</u>
	<u>394,586</u>	<u>10,242</u>	<u>404,828</u>	<u>437,363</u>
Liabilities				
Accounts payable and accrued liabilities	11,700	-	11,700	5,333
Commitment (note 6)				
Net assets	<u>382,886</u>	<u>10,242</u>	<u>393,128</u>	<u>432,030</u>
Represented by:				
Operating fund	382,886	-	382,886	393,552
Net investment in capital assets (note 4)	<u>-</u>	<u>10,242</u>	<u>10,242</u>	<u>38,478</u>
	<u>382,886</u>	<u>10,242</u>	<u>393,128</u>	<u>432,030</u>

Approved by the Board:

  

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# KANATA MINOR HOCKEY ASSOCIATION

## STATEMENT OF FUND OPERATIONS AND CHANGES IN NET ASSETS

**FOR THE YEAR ENDED APRIL 30, 2015**

	2015			2014
	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) and tryouts	1,044,323	-	1,044,323	1,051,564
Ice rentals	223,128	-	223,128	258,030
Referee	102,510	-	102,510	103,783
Clinics	2,786	-	2,786	14,052
Miscellaneous and other income	19,391	-	19,391	24,561
	<b>1,392,138</b>	-	<b>1,392,138</b>	<b>1,451,990</b>
<b>Expenses</b>				
Hockey programs - referee costs	225,495	-	225,495	213,174
Hockey programs - ice rentals	879,794	-	879,794	870,285
Hockey programs - development and clinics	32,113	-	32,113	39,473
Hockey programs - league fees	14,785	-	14,785	14,325
Hockey programs - equipment	17,386	-	17,386	14,749
Hockey programs - other	9,590	-	9,590	12,135
Insurance	92,953	-	92,953	66,678
Rental	15,331	-	15,331	15,322
Donations	-	-	-	20,320
Office and administration	63,254	-	63,254	69,194
Professional fees	28,625	-	28,625	5,454
Interest, bank charges and merchant fees	39,947	-	39,947	30,079
Miscellaneous	2,120	-	2,120	1,806
Amortization of capital assets	-	28,236	28,236	39,358
	<b>1,421,393</b>	<b>28,236</b>	<b>1,449,629</b>	<b>1,412,352</b>
Income (loss) from general operations	(29,255)	(28,236)	(57,491)	39,638
Fundraising activities - net of costs	18,589	-	18,589	53,411
Excess (deficiency) of revenue over expenses for the year	(10,666)	(28,236)	(38,902)	93,049
Net assets, beginning of the year	<b>393,552</b>	<b>38,478</b>	<b>432,030</b>	<b>338,981</b>
Net assets, end of the year	<b>382,886</b>	<b>10,242</b>	<b>393,128</b>	<b>432,030</b>

# KANATA MINOR HOCKEY ASSOCIATION

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED APRIL 30, 2015**

	2015			2014
	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	(10,666)	(28,236)	(38,902)	93,049
Less non-cash expenses:				
Amortization	-	28,236	28,236	39,358
Changes in non-cash working capital balances:				
Accounts receivable	(346)	-	(346)	-
Prepaid expenses	(86,446)	-	(86,446)	-
Accounts payable and accrued liabilities	6,367	-	6,367	(2,792)
	(91,091)	-	(91,091)	129,615
Investing activities:				
Sale (prchase) of investments	175	-	175	(59)
Purchase of capital assets	-	-	-	(28,287)
	(90,916)	-	(90,916)	101,269
Cash, beginning of the year	393,418	-	393,418	292,149
	302,502	-	302,502	393,418
Supplemental information:				
Interest received	-	-	-	59

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# KANATA MINOR HOCKEY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2015

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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) 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 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



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# KANATA MINOR HOCKEY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2015

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### 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:

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Sweaters	81,764	72,454	9,310	36,564
Goalie equipment	49,253	49,253	-	-
Office equipment	1,242	1,242	-	-
Furniture and fixtures	1,911	1,911	-	-
General equipment	10,254	10,254	-	-
Computer equipment	5,526	4,594	932	1,914
	<u>149,950</u>	<u>139,708</u>	<u>10,242</u>	<u>38,478</u>

During the 2015 fiscal year a deposit was paid towards the purchase of sweaters. This amount is reported on the statement of financial position for the year ended April 30, 2015 as prepaid expense. This amount will be recorded in 2016 as Sweaters – capital assets, when the transaction is complete and the sweaters are received.

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# KANATA MINOR HOCKEY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2015

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#### 4. Net investment in capital assets

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance, beginning of the year	38,478	49,549
Capital assets purchased during the year	-	28,287
Amortization expense	<u>(28,236)</u>	<u>(39,358)</u>
Balance, end of the year	<u>10,242</u>	<u>38,478</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

At the end of the fiscal year the Association entered into a one year agreement for the rental of office, board room and storage space from the City of Ottawa. The commitment under this contract for 2016 is approximately \$15,500.

#### 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, 2015

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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. 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.