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dedicated to your success"*
www.wgpcpa.ca

KANATA MINOR HOCKEY ASSOCIATION

FINANCIAL STATEMENTS

APRIL 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of the Kanata Minor Hockey Association:

Qualified Opinion

We have audited the financial statements of Kanata Minor Hockey Association, which comprise the statements of financial position as at April 30, 2019 and April 30, 2018 and the statements of fund operations and changes in net assets (operating and reserve) and cash flow statement for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2019 and April 30, 2018 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.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

Ottawa, Ontario
March 23, 2020



KANATA MINOR HOCKEY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2019

	2019			2018
	Operating Fund \$	Net investment in capital assets \$	Total \$	Total \$
Assets				
Cash	252,419	-	252,419	259,683
Accounts receivable	-	-	-	23,859
Prepaid rent (note 6)	10,331	-	10,331	10,331
Interfund loan	(178,388)	178,388	-	-
	84,362	178,388	262,750	293,873
Capital assets (note 3)	-	33,155	33,155	5,254
	84,362	211,543	295,905	299,127
Liabilities				
Accounts payable and accrued liabilities	7,207	-	7,207	8,895
Net assets	77,155	211,543	288,698	290,232
Represented by:				
Operating fund	77,155	-	77,155	115,765
Net investment in capital assets (note 4)	-	211,543	211,543	174,467
	77,155	211,543	288,698	290,232

Approved by the Board:

(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, 2019

	2019			2018
	Operating Fund actual \$	Net investment in capital assets actual \$ (note 4)	Total actual \$	Total actual \$
Revenue				
Registration fee (net of subsidies) and tryouts	1,107,480	-	1,107,480	1,035,120
Ice rentals	206,369	-	206,369	241,714
Referee	97,278	-	97,278	101,124
Clinics	1,188	-	1,188	7,164
Miscellaneous and other income	25,010	-	25,010	25,389
Transfer to capital assets (note 4)	(55,000)	55,000	-	-
	<u>1,382,325</u>	<u>55,000</u>	<u>1,437,325</u>	<u>1,410,511</u>
Expenses				
Hockey programs - referee costs	201,390	-	201,390	207,418
Hockey programs - ice rental & scheduling costs	925,897	-	925,897	935,665
Hockey programs - development & clinics	34,539	-	34,539	39,228
Hockey programs - league fees	15,015	-	15,015	14,410
Hockey programs - equipment	26,387	-	26,387	19,624
Hockey programs - other	10,120	-	10,120	18,354
Insurance	92,287	-	92,287	80,875
Rental	15,496	-	15,496	15,496
Office and administration	77,705	-	77,705	75,635
Professional fees	7,306	-	7,306	6,858
Interest, bank charges and merchant fees	29,372	-	29,372	32,635
Miscellaneous	1,711	-	1,711	1,481
Amortization of capital assets	-	17,924	17,924	60,568
	<u>1,437,225</u>	<u>17,924</u>	<u>1,455,149</u>	<u>1,508,247</u>
Income (loss) from general operations	(54,900)	37,076	(17,824)	(97,736)
Fundraising activities - net of costs	16,290	-	16,290	10,711
Excess (deficiency) of revenue over expenses for the year	(38,610)	37,076	(1,534)	(87,025)
Net assets, beginning of the year	<u>115,765</u>	<u>174,467</u>	<u>290,232</u>	<u>377,257</u>
Net assets, end of the year	<u>77,155</u>	<u>211,543</u>	<u>288,698</u>	<u>290,232</u>

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

KANATA MINOR HOCKEY ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2019

	2019			2018
	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	(38,610)	37,076	(1,534)	(87,025)
Less non-cash expenses:				
Amortization	-	17,924	17,924	60,568
Changes in non-cash working capital balances:				
Accounts receivable	23,859	-	23,859	(19,931)
Prepaid expenses	-	-	-	(10,330)
Accounts payable and accrued liabilities	(1,688)	-	(1,688)	1,881
Interfund loan	9,175	(9,175)	-	-
	(7,264)	45,825	38,561	(54,837)
Investing activities:				
Purchase of capital assets	-	(45,825)	(45,825)	(2,853)
Increase (decrease) in cash during the year	(7,264)	-	(7,264)	(57,690)
Cash, beginning of the year	259,683	-	259,683	317,373
Cash, end of the year	252,419	-	252,419	259,683

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

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2019

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
Accounts receivable	Amortized cost
Accounts payable	Amortized cost

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2019

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.

3. Capital assets

The capital assets are as follows:

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Sweaters	46,136	16,329	29,807	1,902
Goalie equipment	53,051	53,051	-	1,266
Office equipment	1,242	1,242	-	-
Furniture and fixtures	1,911	1,911	-	-
General equipment	10,254	10,254	-	-
Computer equipment	9,965	6,617	3,348	2,086
	<u>122,559</u>	<u>89,404</u>	<u>33,155</u>	<u>5,254</u>

4. Net investment in capital assets

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

	2019	2018
	\$	\$
Balance, beginning of the year	174,467	180,035
Amounts transferred for the purchase of capital assets	55,000	55,000
Amortization expense	<u>(17,924)</u>	<u>(60,568)</u>
Balance, end of the year	<u>211,543</u>	<u>174,467</u>

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2019

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, 2019. 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 (2018 – nil).

9. Economic dependence

The Association rents the most significant portion of its ice from the City of Ottawa (2019 – 68%; 2018 – 70%).

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.

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2019

12. Related-party transaction

The current President of the Association provided services to the association acting as the “Ice Scheduler.” During the 2019 fiscal year, the total compensation was \$21,600 in regards to these services.