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**KANATA MINOR HOCKEY ASSOCIATION**

**FINANCIAL STATEMENTS**

**APRIL 30, 2023**

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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, 2023 and the statements of fund operations and changes in net assets (operating and capital asset fund) and statement of cash flows for the year 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, 2023 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.

*MKP Professional Corporation*

Ottawa, Ontario  
April 4, 2024

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

**MK**  
Chartered  
Professional  
Accountants **P**

**KANATA MINOR HOCKEY ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT APRIL 30, 2023**


	2023			2022
	Operating Fund \$	Capital asset Fund \$	Total \$	Total \$
<b>Assets</b>				
Cash	258,953	-	258,953	356,184
Accounts receivable	-	-	-	7,813
Prepaid rent (note 6)	8,801	-	8,801	10,331
Interfund loan	(233,388)	233,388	-	-
	<u>34,366</u>	<u>233,388</u>	<u>267,754</u>	<u>374,328</u>
Capital assets (note 3)	-	74,697	74,697	508
	<u>34,366</u>	<u>308,085</u>	<u>342,451</u>	<u>374,836</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	7,000	-	7,000	19,939
Government remittances	1,451	-	1,451	1,505
	<u>8,451</u>	<u>-</u>	<u>8,451</u>	<u>21,444</u>
Canadian Emergency Business Account loan (note 14)	-	-	-	40,000
	<u>8,451</u>	<u>-</u>	<u>8,451</u>	<u>61,444</u>
<b>Net assets</b>	<u>25,915</u>	<u>308,085</u>	<u>334,000</u>	<u>313,392</u>
<b>Represented by:</b>				
Operating fund	25,915	-	25,915	79,496
Net investment in capital assets (note 4)	-	308,085	308,085	233,896
	<u>25,915</u>	<u>308,085</u>	<u>334,000</u>	<u>313,392</u>

Approved by the Board:

x



x



(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, 2023**

	<b>2023</b>			<b>2022</b>
	Operating Fund actual \$	Capital Asset Fund actual \$ (note 4)	Total actual \$	Total actual \$
<b>Revenue</b>				
Registration fees (net of subsidies) and tryouts	924,507	-	924,507	786,894
Clinics	1,600	-	1,600	-
Ice rentals	215,382	-	215,382	176,947
Referee	78,334	-	78,334	60,398
Miscellaneous, other income & league fees	62,805	-	62,805	36,405
Ontario government initiative	7,107			
Purchase of sweaters	(112,045)	112,045	-	-
	<u>1,177,690</u>	<u>112,045</u>	<u>1,282,628</u>	<u>1,060,644</u>
<b>Expenses</b>				
Hockey programs - referee costs	146,176	-	146,176	118,846
Hockey programs - ice rental & scheduling costs	821,281	-	821,281	737,652
Hockey programs - development & clinics	24,544	-	24,544	10,122
Hockey programs - league fees	14,533	-	14,533	13,785
Hockey programs - equipment	28,981	-	28,981	27,948
Hockey programs - other	24,786	-	24,786	13,246
Insurance	55,919	-	55,919	42,927
Rental	14,731	-	14,731	6,276
Office and administration	76,495	-	76,495	73,283
Professional fees	7,614	-	7,614	6,160
Interest, bank charges and merchant fees	23,194	-	23,194	19,939
Miscellaneous - discounts	1,545	-	1,545	1,585
Amortization of capital assets	-	37,856	37,856	508
	<u>1,239,799</u>	<u>37,856</u>	<u>1,277,655</u>	<u>1,072,277</u>
Income (loss) from general operations	(62,109)	74,189	4,973	(11,633)
Fundraising activities - net of costs	8,528	-	8,528	(350)
Excess (deficiency) of revenue over expenses for the year	(53,581)	74,189	13,501	(11,983)
Net assets, beginning of the year	79,496	233,896	313,392	325,375
Net assets, end of the year	<u>25,915</u>	<u>308,085</u>	<u>326,893</u>	<u>313,392</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, 2023**

	2023			2022
	Operating Fund \$	Capital Asset Fund \$	Total \$	Total \$
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenue over expenses for the year	(53,581)	74,189	20,608	(11,983)
Less non-cash expenses:				
Amortization	-	37,856	37,856	508
Changes in non-cash working capital balances:				
Accounts receivable	7,813	-	7,813	11,042
Prepaid expense- rent	1,530	-	1,530	10,961
Accounts payable and accrued liabilities	(12,939)	-	(12,939)	11,363
Government remittances	(54)	-	(54)	306
Refunds and other amounts payable	-	-	-	(473)
	(57,231)	112,045	54,814	21,724
Investing activities:				
Additions to capital assets	-	(112,045)	(112,045)	-
Financing activities:				
CEBA grant repaid	(40,000)	-	(40,000)	-
Increase (decrease) in cash during the year	(97,231)	-	(97,231)	21,724
Cash, beginning of the year	356,184	-	356,184	334,460
Cash, end of the year	258,953	-	258,953	356,184

(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, 2023

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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 historically has had approximately 1,600 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.

The capital asset fund 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, 2023

### 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 is recognized only when collection of the receivable is probable, persuasive evidence of an arrangement exists, and the price is fixed and determinable. The Association's sources of revenues include ice rentals, referees, registration fees from registrants, clinics, donations, grants, miscellaneous & other income.

### 3. Capital assets

The capital assets are as follows:

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Sweaters	155,328	77,631	74,697	-
Goalie equipment	53,051	53,051	-	-
Office equipment	1,242	1,242	-	-
Furniture and fixtures	1,911	1,911	-	-
General equipment	10,254	10,254	-	-
Computer equipment	9,965	9,965	-	508
	231,751	154,054	74,697	508

### 4. Capital asset fund

The change in the capital asset fund is as follows:

	2023	2022
	\$	\$
Balance, beginning of the year	233,896	234,404
Amounts transferred for the purchase of capital assets	112,045	-
Amortization expense	(37,856)	( 508)
Balance, end of the year	308,085	233,896

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# KANATA MINOR HOCKEY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2023

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**4. Capital asset fund (continued)**

Commencing in fiscal 2016 the Board of the Kanata Minor Hockey Association had approved annual “transfers” to the Capital Asset Fund to ensure that funds were set aside for the purchase of hockey sweaters. The first such “transfer” was \$125,000 and thereafter was limited to \$55,000 per annum. At the Board meeting of October 21, 2021, a motion was approved eliminating the contribution for the April 30, 2021 fiscal year. In addition, future contributions would be in consideration of the capital asset fund balance wherein the balance would be limited to \$275,000 plus 2% for yearly inflation.

At a meeting of the Board of Directors on March 27, 2023, contributions to the capital asset fund were revisited. There is to be no contribution to the capital asset fund for the year ended April 30, 2022, due to the deficit incurred. In addition to this, the Board of Directors approved a motion for future contributions and in consideration of the operating fund balance. The Kanata Minor Hockey Association is to strive to maintain a minimum balance in the operating fund of \$100,000 before any contribution is made to the capital asset fund. This will ensure that there are funds retained in operations to support future revenue shortfalls, delays, and emergency situations or unanticipated expenses.

**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 had entered into a one-year agreement for the rental of office, board room and storage space from the City of Ottawa ending December 31, 2023. The amount prepaid under this contract, based on the Association’s fiscal year end, is approximately \$8,801 (2022 - \$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 (2022 – nil).

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# KANATA MINOR HOCKEY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2023

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### 9. Economic dependence

The Association rents the most significant portion of its ice from the City of Ottawa (2023 – 69%; 2022 – 69%). The Covid 19 pandemic impacted ice rentals during the 2021 fiscal season and to a much lesser extent this continued in 2022.

### 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.

### 12. Related-party transaction

The Past President of the Association provides services to the Association acting as the "Ice Scheduler." He attends Board meetings as District Chair but has no voting rights. Compensation paid during 2022 was \$16,200 and in 2023 \$18,000. The 2022 year was impacted by Covid 19 and fees paid were for a shorter period of time. This cost is included in "Hockey Programs – Ice Rental and Scheduling Costs" on the Statement of Fund Operations and Change in Net Assets – Operating Fund.

### 13. Covid-19

The Covid-19 pandemic impacted the April 30, 2022 financial statements. The City of Ottawa locked down its facilities during January of 2022 following the Ontario Government notices Refunds of fees were issued to participants. Operating costs, however, did not change during this period.

During 2023, the Association activities were not restricted by any such matters.

During the 2021 hockey year try-out jerseys were purchased for the year but were not used. As such the cost of these jerseys were reported as prepaid try-out jerseys on the statement of financial position. For the fiscal year 2022, these jerseys were allocated to Hockey-Program equipment on the statement of fund operations and changes in net assets.

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# KANATA MINOR HOCKEY ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2023

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### **14. Canadian Emergency Business Account Loan**

During the 2021 fiscal year the Association applied for and was provided with \$60,000 under the Canadian Emergency Business Account Loan. Of this \$40,000 is treated as a liability of the Association and repayment is due by December 31, 2023. This amount is reported on the statement of financial position. The remaining \$20,000 is included on the statement of fund operations and changes in net assets. This is the forgivable portion of the loan based on the repayment of the loan, as noted above, by December 31, 2023. The amount was repaid in November of 2022.