
KANATA MINOR HOCKEY ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2024

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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, 2024 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, 2024 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

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

Ottawa, Ontario
April 10, 2025



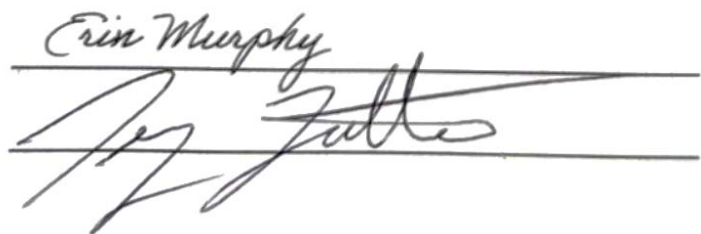
KANATA MINOR HOCKEY ASSOCIATION

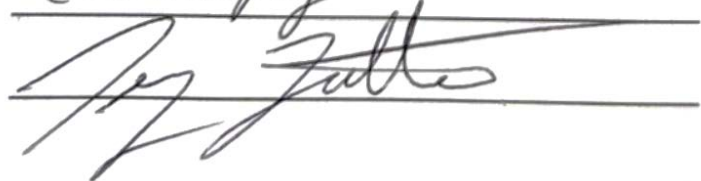
STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2024

	2024			2023
	Operating Fund \$	Capital asset Fund \$	Total \$	Total \$
Assets				
Cash	259,327	-	259,327	258,953
Prepaid rent (note 6) & tryout jersey deposit	30,084	-	30,084	8,801
Interfund loan	(233,388)	233,388	-	-
	56,023	233,388	289,411	267,754
Capital assets (note 3)	-	39,551	39,551	74,697
	56,023	272,939	328,962	342,451
Liabilities				
Accounts payable and accrued liabilities	25,060	-	25,060	7,000
Government remittances	3,186	-	3,186	1,451
	28,246	-	28,246	8,451
Net assets	27,777	272,939	300,716	334,000
Represented by:				
Operating fund	27,777	-	27,777	25,915
Net investment in capital assets (note 4)	-	272,939	272,939	308,085
	27,777	272,939	300,716	334,000

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, 2024

	2024			2023
	Operating Fund actual \$	Capital Asset Fund actual \$ (note 4)	Total actual \$	Total actual \$
Revenue				
Registration fees (net of subsidies) and tryouts	962,150	-	962,150	924,507
Clinics	27,453	-	27,453	1,600
Ice rentals	219,104	-	219,104	215,382
Referee	72,550	-	72,550	78,334
Miscellaneous, other income & league fees	58,407	-	58,407	62,805
Ontario government initiative	-	-	-	7,107
Purchase of capital assets	(2,753)	2,753	-	-
	<u>1,336,911</u>	<u>2,753</u>	<u>1,339,664</u>	<u>1,289,735</u>
Expenses				
Hockey programs - referee costs	156,423	-	156,423	146,176
Hockey programs - ice rental & scheduling costs (notes 9 & 12)	867,070	-	867,070	821,281
Hockey programs - development & clinics	26,184	-	26,184	24,544
Hockey programs - league fees	15,572	-	15,572	14,533
Hockey programs - equipment	42,573	-	42,573	28,981
Hockey programs - other	42,886	-	42,886	24,786
Insurance	69,862	-	69,862	55,919
Rental	13,311	-	13,311	14,731
Office and administration	83,688	-	83,688	76,495
Professional fees	7,520	-	7,520	7,614
Interest, bank charges and merchant fees	24,155	-	24,155	23,194
Miscellaneous - discounts	615	-	615	1,545
Amortization of capital assets	-	37,899	37,899	37,856
	<u>1,349,859</u>	<u>37,899</u>	<u>1,387,758</u>	<u>1,277,655</u>
Income (loss) from general operations	(12,948)	(35,146)	(48,094)	12,080
Fundraising activities - net of costs	14,810	-	14,810	8,528
Excess (deficiency) of revenue over expenses for the year	1,862	(35,146)	(33,284)	20,608
Net assets, beginning of the year	25,915	308,085	334,000	313,392
Net assets, end of the year	<u>27,777</u>	<u>272,939</u>	<u>300,716</u>	<u>334,000</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, 2024

	2024			2023
	Operating Fund \$	Capital Asset Fund \$	Total \$	Total \$
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenue over expenses for the year	1,862	(35,146)	(33,284)	20,608
Less non-cash expenses:				
Amortization	-	37,899	37,899	37,856
	1,862	2,753	4,615	58,464
Changes in non-cash working capital balances:				
Accounts receivable	-	-	-	7,813
Prepaid expense	(21,282)	-	(21,282)	1,530
Accounts payable and accrued liabilities	18,059	-	18,059	(12,939)
Government remittances	1,735	-	1,735	(54)
	374	2,753	3,127	54,814
Investing activities:				
Additions to capital assets	-	(2,753)	(2,753)	(112,045)
Financing activities:				
CEBA grant repaid	-	-	-	(40,000)
Increase (decrease) in cash during the year	374	-	374	(97,231)
Cash, beginning of the year	258,953	-	258,953	356,184
Cash, end of the year	259,327	-	259,327	258,953

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

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2024

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	3 years
Office 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	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2024

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:

	2024		2023
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Sweaters	112,045	74,697	37,348
Computer equipment	8,017	5,814	2,203
	<u>120,062</u>	<u>80,511</u>	<u>39,551</u>
			<u>74,697</u>

4. Capital asset fund

The change in the capital asset fund is as follows:

	2024	2023
	\$	\$
Balance, beginning of the year	308,085	233,896
Amounts transferred for the purchase of capital assets	2,753	112,045
Amortization expense	<u>(37,899)</u>	<u>(37,856)</u>
Balance, end of the year	<u>272,939</u>	<u>308,085</u>

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2024

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. These was 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

Interest risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in fair value of future cash flow of the financial instruments due to changes in market interest rates. The Association is exposed to this risk through its interest-bearing assets. The Association manages this risk through investing in a fixed interest bank account.

Credit risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The Association places its operating cash with a high-quality institution and believes its exposure is not significant given the placement.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they become due. The Association manages this risk by establishing budgets to fund its operating fund and capital asset fund expenditures. In addition, some of the Association’s cash is held in an interest-bearing account which provides a rate of return as well as liquidity.

KANATA MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2024

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, 2024. The amount prepaid under this contract, based on the Association's fiscal year end, is approximately \$9,021 (2023 - \$8,801).

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 (2023 – nil).

9. Economic dependence

The Association rents the most significant portion of its ice from the City of Ottawa (2024 – 71%; 2023 – 69%).

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

A past President of the Association has provided services to the Association acting as the "Ice Scheduler." During 2024 the Ice Scheduler was paid \$18,200 (2023 - \$18,000). 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.