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NEPEAN MINOR HOCKEY ASSOCIATION

FINANCIAL STATEMENTS

MAY 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of the Nepean Minor Hockey Association:

Qualified Opinion

We have audited the financial statements of Nepean Minor Hockey Association, which comprise the statements of financial position as at May 31, 2019 and May 31, 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 Nepean Minor Hockey Association as at May 31, 2019 and May 31, 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

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

Ottawa, Ontario
February 18, 2020



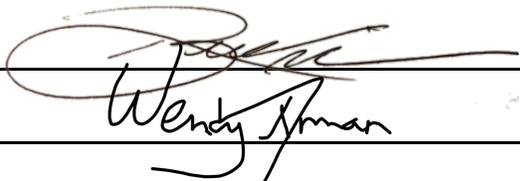
NEPEAN MINOR HOCKEY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2019

	<u>2019</u>	<u>2018</u>
	Total	Total
	\$	\$
Assets		
Cash	584,231	740,342
Accounts receivable	7,580	3,940
Prepaid expenses and deposits	85,111	2,174
Inventory	8,425	22,996
	<u>685,347</u>	<u>769,452</u>
Capital assets (note 4)		
Office equipment and software	7,680	6,818
Hockey jerseys	173,871	173,871
	181,551	180,689
Less: accumulated amortization	<u>(169,099)</u>	<u>(156,171)</u>
Total net capital assets	<u>12,452</u>	<u>24,518</u>
	<u>697,799</u>	<u>793,970</u>
Liabilities		
Accounts payable and accrued liabilities	8,088	10,847
Government remittances	1,215	-
Deferred revenue	418,854	508,457
Commitment (note 7)	-	-
	<u>428,157</u>	<u>519,304</u>
Net assets	<u>269,642</u>	<u>274,666</u>
Represented by:		
Operating fund	257,190	250,148
Invested in capital assets (note 4)	12,452	24,518
	<u>269,642</u>	<u>274,666</u>

Approved by the Board:



Wendy Arman

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

NEPEAN MINOR HOCKEY ASSOCIATION

STATEMENT OF FUND OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MAY 31, 2019

	2019		2018	
	Operating Fund \$	Other Funds \$ (note 4)	Total \$	Total \$
Revenue				
Registration fees - house league and competitive	1,464,485	-	1,464,485	1,421,839
Practice ice rental	242,669	-	242,669	261,498
Player and coach development	191,459	-	191,459	171,328
Tournaments	52,565	-	52,565	54,400
Team sponsor contributions	25,010	-	25,010	30,319
Referees recovery	61,103	-	61,103	27,725
Interest	7,975	-	7,975	5,501
Miscellaneous	43,993	-	43,993	20,285
	2,089,259	-	2,089,259	1,992,895
Expenses				
Amortization of capital assets	-	12,928	12,928	20,202
Equipment room rent	12,016	-	12,016	11,592
Executive and general meetings	12,219	-	12,219	11,947
Ice rental (note 5)	1,215,288	-	1,215,288	1,167,832
Initiation program	39,916	-	39,916	48,172
Insurance	149,918	-	149,918	131,664
Legal, audit and accounting	18,317	-	18,317	18,801
Miscellaneous	-	-	-	722
Office and administration	136,906	-	136,906	145,889
Player and coach development	135,911	-	135,911	140,372
Player assistance	2,063	-	2,063	1,937
Players' equipment	40,721	-	40,721	27,975
Referees and timekeepers	235,841	-	235,841	205,535
Sponsor tags	8,384	-	8,384	19,063
Team registration fees	16,340	-	16,340	18,369
Tournaments	17,574	-	17,574	22,014
Year-end awards	22,469	-	22,469	22,590
	2,063,883	12,928	2,076,811	2,014,676
Income (loss) from operations	25,376	(12,928)	12,448	(21,781)
Fundraising activities - net of costs	(17,472)	-	(17,472)	(2,829)
Purchase of capital assets	(862)	862	-	-
Excess (deficiency) of revenue over expenses for the year	7,042	(12,066)	(5,024)	(24,610)
Net assets, beginning of the year	250,148	24,518	274,666	299,276
Net assets, end of the year	257,190	12,452	269,642	274,666

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

NEPEAN MINOR HOCKEY ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2019

	2019			2018
	Operating Fund \$	Other Funds \$	Total \$	Total \$
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenue over expenses for the year	7,042	(12,066)	(5,024)	(24,610)
Non-cash expense - amortization	-	12,928	12,928	20,202
Changes in non-cash working capital balances:				
Accounts receivable	(3,640)	-	(3,640)	(3,940)
Inventory	14,571	-	14,571	8,616
Prepaid expenses	(82,937)	-	(82,937)	(1,225)
Accounts payable and accrued liabilities	(2,759)	-	(2,759)	(16,096)
Government remittances	1,215	-	1,215	-
Deferred revenue	(89,603)	-	(89,603)	3,290
	<u>(156,111)</u>	<u>862</u>	<u>(155,249)</u>	<u>(13,763)</u>
Investing activities:				
Purchase of capital assets	-	(862)	(862)	-
Increase (decrease) in cash during the year	(156,111)	-	(156,111)	(13,763)
Cash, beginning of the year	<u>740,342</u>	<u>-</u>	<u>740,342</u>	<u>754,105</u>
Cash, end of the year	<u>584,231</u>	<u>-</u>	<u>584,231</u>	<u>740,342</u>
Supplemental information				
Interest received	<u>7,975</u>	<u>-</u>	<u>7,975</u>	<u>5,501</u>

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

NEPEAN MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2019

1. Nature of operations

The Association was incorporated as a non-profit organization under The Corporations Act of Ontario. As such it is exempt from income taxes.

It is one of the largest hockey associations in Canada, with over 2,600 children playing in Initiation, 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 Nepean (now part of Ottawa).

2. Significant accounting principles

The Association adheres to the following accounting policies:

- (a) The Association applies Canadian accounting standards for not-for-profit organizations
- (b) Office equipment and software
Office equipment and software is recorded at cost on the statement of financial position. Amortization is calculated using the straight-line method over two years.
- (c) Hockey jerseys
Hockey jerseys are recorded at cost on the statement of financial position. Amortization is calculated using the straight-line method over five years.
- (d) Fundraising activities
Fundraising activities from raffle ticket sales are kept in a separate bank account, which on these financial statements is included in the assets of the operating fund.
- (e) Deferred revenue
The deferred revenue consists of amounts received during the year, mainly registration fees, which pertain to the next fiscal year.
- (f) Inventory
Inventory consists of items held for resale. These are valued at the lower of actual cost, determined on a specific identification basis, and net realizable value.
- (g) Financial instruments
Financial assets and liabilities are initially recognized at fair value and their subsequent measurement depends on the nature of the financial instrument.

The Association financial instruments as follows:

Financial Asset/Liability	Measurement
Cash	Fair value
Accounts receivable	Amortized cost
Accounts payable	Amortized cost

NEPEAN MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2019

2. Significant accounting principles (continued)

(h) 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.

The significant areas that require the use of estimates includes the estimated useful life of capital assets for the purposes of calculating the amortization expense.

3. Financial instruments and risk management

The Association's financial instruments consist of cash, short term investments, accounts receivable and accounts payable. 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.

4. Other funds

Other funds and net assets invested in capital

The changes in net assets in other funds and invested in capital assets is as follows:

	2019	2018
	\$	\$
Balance, beginning of the year	24,518	44,720
Capital assets purchased during the year	862	-
Amortization expense	<u>(12,928)</u>	<u>(20,202)</u>
Balance, end of the year	<u>12,452</u>	<u>24,518</u>

5. Ice rental

The Association rents the most significant portion of its ice time from the City of Ottawa. The total cost of ice acquired for use from the City was \$1,215,288 (2018 - \$1,167,832).

6. 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.

NEPEAN MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2019

7. Commitment

Rental agreement

The Association has entered an agreement to sublet premises for storage, on a month to month basis. The cost to the Association is approximately \$975 per month.

8. Income taxes

The Association is a not-for-profit organization and hence is exempt from income taxes.

9. Remuneration to the Executive

In 2019, no member of the Executive was remunerated. In the prior year \$6,000 was paid to an individual for services to the Association. The individual was a member of the executive that held a non-voting position. The remaining members of the Executive provide their services as volunteers.

10. Capital management

As a not-for-profit entity, the Association's operations are reliant on revenues generated annually. Over its history, the Association's goal is to have had accumulated net assets. A portion of the accumulated net assets would be retained as working capital which maybe required from time to time due to timing delays in receiving external funding. The remaining balance would be available for the use of the Association at management's discretion.