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NEPEAN MINOR HOCKEY ASSOCIATION

FINANCIAL STATEMENTS

MAY 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of The Nepean Minor Hockey Association

Audit Report

We have audited the financial statements of the Nepean Minor Hockey Association, which comprise the statements of financial position as at May 31, 2018 and May 31, 2017 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 auditors' 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 the Nepean Minor Hockey Association as at May 31, 2018 and May 31, 2017 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.



WGP PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

Ottawa, Ontario
January 21, 2019

NEPEAN MINOR HOCKEY ASSOCIATION**STATEMENT OF FINANCIAL POSITION****AS AT MAY 31, 2018**

	<u>2018</u>	<u>2017</u>
	Total	Total
	\$	\$
Assets		
Cash	740,342	720,292
Accounts receivable	3,940	-
Short term investments	-	33,813
Prepaid expenses	2,174	949
Inventory	22,996	31,612
	<u>769,452</u>	<u>786,666</u>
Capital assets (note 4)		
Office equipment and software	6,818	7,383
Hockey jerseys	173,871	173,871
	180,689	181,254
Less: accumulated amortization	<u>(156,171)</u>	<u>(136,534)</u>
Total net capital assets	<u>24,518</u>	<u>44,720</u>
	<u>793,970</u>	<u>831,386</u>
Liabilities		
Accounts payable and accrued liabilities	10,847	26,943
Deferred revenue	508,457	505,167
Commitment (note 7)	-	-
	<u>519,304</u>	<u>532,110</u>
Net assets	<u>274,666</u>	<u>299,276</u>
Represented by:		
Operating fund	250,148	254,556
Invested in capital assets (note 4)	24,518	44,720
	<u>274,666</u>	<u>299,276</u>

Approved by the Board:

NEPEAN MINOR HOCKEY ASSOCIATION

STATEMENT OF FUND OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MAY 31, 2018

	2018		2017	
	Operating Fund \$	Other Funds \$ (note 4)	Total \$	Total \$
Revenue				
Registration fees - house league and competitive	1,421,839	-	1,421,839	1,450,350
Practice ice rental	261,498	-	261,498	241,731
Player and coach development	171,328	-	171,328	165,311
Tournaments	54,400	-	54,400	59,430
Team sponsor contributions	30,319	-	30,319	15,173
Referees recovery	27,725	-	27,725	25,426
Interest	5,501	-	5,501	5,392
Miscellaneous	20,285	-	20,285	40,018
	<u>1,992,895</u>	<u>-</u>	<u>1,992,895</u>	<u>2,002,831</u>
Expenses				
Amortization of capital assets	-	20,202	20,202	36,683
Equipment room rent	11,592	-	11,592	11,205
Executive and general meetings	11,947	-	11,947	9,776
Ice rental (note 5)	1,167,832	-	1,167,832	1,111,996
Initiation program	48,172	-	48,172	43,347
Insurance	131,664	-	131,664	134,942
Legal, audit and accounting	18,801	-	18,801	25,951
Miscellaneous	722	-	722	1,179
Office and administration	145,889	-	145,889	136,941
Player and coach development	140,372	-	140,372	160,144
Player assistance	1,937	-	1,937	1,675
Players' equipment	27,975	-	27,975	13,731
Referees and timekeepers	205,535	-	205,535	197,694
Sponsor tags	19,063	-	19,063	144
Team registration fees	18,369	-	18,369	17,560
Tournaments	22,014	-	22,014	20,940
Year-end awards	22,590	-	22,590	20,886
	<u>1,994,474</u>	<u>20,202</u>	<u>2,014,676</u>	<u>1,944,794</u>
Income (loss) from operations	(1,579)	(20,202)	(21,781)	58,037
Fundraising activities - net of costs	(2,829)	-	(2,829)	(639)
Purchase of capital assets	-	-	-	-
Excess (deficiency) of revenue over expenses for the year	(4,408)	(20,202)	(24,610)	57,398
Net assets, beginning of the year	<u>254,556</u>	<u>44,720</u>	<u>299,276</u>	<u>241,878</u>
Net assets, end of the year	<u>250,148</u>	<u>24,518</u>	<u>274,666</u>	<u>299,276</u>

NEPEAN MINOR HOCKEY ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2018

	2018			2017
	Operating Fund \$	Other Funds \$	Total \$	Total \$
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenue over expenses for the year	(4,408)	(20,202)	(24,610)	57,398
Non-cash expense - amortization	-	20,202	20,202	36,683
Changes in non-cash working capital balances:				
Accounts receivable	(3,940)	-	(3,940)	-
Inventory	8,616	-	8,616	6,403
Prepaid expenses	(1,225)	-	(1,225)	2,320
Accounts payable and accrued liabilities	(16,096)	-	(16,096)	4,597
Deferred revenue	3,290	-	3,290	34,155
	<u>(13,763)</u>	<u>-</u>	<u>(13,763)</u>	<u>141,556</u>
Investing activities:				
Purchase of capital assets	-	-	-	(22,559)
	<u>(13,763)</u>	<u>-</u>	<u>(13,763)</u>	<u>118,997</u>
Increase (decrease) in cash during the year	(13,763)	-	(13,763)	118,997
Cash and cash equivalents, beginning of the year	754,105	-	754,105	635,108
	<u>740,342</u>	<u>-</u>	<u>740,342</u>	<u>754,105</u>
Cash and cash equivalents, end of the year	740,342	-	740,342	754,105
	<u>740,342</u>	<u>-</u>	<u>740,342</u>	<u>720,292</u>
Cash and cash equivalents:				
Cash	740,342	-	740,342	720,292
Short term investment	-	-	-	33,813
	<u>740,342</u>	<u>-</u>	<u>740,342</u>	<u>754,105</u>
Supplemental information				
Interest received	5,501	-	5,501	5,392
	<u>5,501</u>	<u>-</u>	<u>5,501</u>	<u>5,392</u>

NEPEAN MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2018

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 2,900 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 Bingo and 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
Investments – mutual fund	Fair value
Accounts receivable	Amortized cost
Accounts payable	Amortized cost

NEPEAN MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2018

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:

	2018	2017
	\$	\$
Balance, beginning of the year	44,720	58,844
Capital assets purchased during the year	-	22,559
Amortization expense	<u>(20,202)</u>	<u>(36,683)</u>
Balance, end of the year	<u>24,518</u>	<u>44,720</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 \$1,167,832 (2017 - \$1,111,996).

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, 2018

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 the prior year two members of the Executive were remunerated for the services they provided to the Association. The total remuneration was approximately \$57,477 in 2017. In 2018 only one member of the Executive was remunerated, the member has a non-voting position and received \$6,000. 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.