
NEPEAN MINOR HOCKEY ASSOCIATION

FINANCIAL STATEMENTS

MAY 31, 2020

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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, 2020 and May 31, 2019 and the statements of fund operations and changes in net assets (operating and capital asset fund) and statement of cash flows 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, 2020 and May 31, 2019 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.

Ottawa, Ontario
May 28, 2021

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




NEPEAN MINOR HOCKEY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2020

	2020			2019
	Operating Fund	Capital asset Fund	Total	Total \$
Assets	\$	\$	\$	
Cash	264,827	-	264,827	584,231
Accounts receivable	4,200	-	4,200	7,580
Prepaid expenses and deposits	-	-	-	85,111
Inventory (note 12)	8,425	-	8,425	8,425
Interfund loan	(32,625)	32,625	-	-
	<u>244,827</u>	<u>32,625</u>	<u>277,452</u>	<u>685,347</u>
Capital assets (note 5)	-	102,227	102,227	12,452
	<u>244,827</u>	<u>134,852</u>	<u>379,679</u>	<u>697,799</u>
Liabilities				
Accounts payable and accrued liabilities	132,202	-	132,202	8,088
Government remittances	-	-	-	1,215
Deferred revenue	-	-	-	418,854
Commitment (note 8)	-	-	-	-
	<u>132,202</u>	<u>-</u>	<u>132,202</u>	<u>428,157</u>
Net assets	<u>112,625</u>	<u>134,852</u>	<u>247,477</u>	<u>269,642</u>
Represented by:				
Operating fund	112,625	-	112,625	257,190
Capital asset fund (note 4)	-	134,852	134,852	12,452
	<u>112,625</u>	<u>134,852</u>	<u>247,477</u>	<u>269,642</u>

Approved by the Board:



 Wendy J. Man

(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, 2020

	2020			2019
	Operating Fund \$	Capital asset Fund \$ (note 4)	Total \$	Total \$
Revenue				
Registration fees - house league and competitive	1,385,454	-	1,385,454	1,464,485
Practice ice rental	242,760	-	242,760	242,669
Player and coach development	179,384	-	179,384	191,459
Tournaments	52,150	-	52,150	52,565
Team sponsor contributions	35,212	-	35,212	25,010
Referees recovery	54,463	-	54,463	61,103
Interest	7,426	-	7,426	7,975
Miscellaneous	37,465	-	37,465	43,993
Purchase of capital assets	(122,853)	122,853	-	-
Appropriation to the capital asset fund (notes 4 & 13)	(32,625)	32,625	-	-
	<u>1,838,836</u>	<u>155,478</u>	<u>1,994,314</u>	<u>2,089,259</u>
Expenses				
Amortization of capital assets	-	33,078	33,078	12,928
Equipment room rent	12,862	-	12,862	12,016
Executive and general meetings	7,639	-	7,639	12,219
Ice rental (note 6)	1,191,504	-	1,191,504	1,215,288
Initiation program	30,064	-	30,064	39,916
Insurance	150,935	-	150,935	149,918
Legal, audit and accounting	18,076	-	18,076	18,317
Miscellaneous	502	-	502	-
Office and administration	143,182	-	143,182	136,906
Player and coach development	128,157	-	128,157	135,911
Player assistance	1,350	-	1,350	2,063
Players' equipment	27,386	-	27,386	40,721
Referees and timekeepers	212,795	-	212,795	235,841
Sponsor tags	6,071	-	6,071	8,384
Team registration fees	18,945	-	18,945	16,340
Tournaments	16,694	-	16,694	17,574
Year-end awards	18,169	-	18,169	22,469
	<u>1,984,331</u>	<u>33,078</u>	<u>2,017,409</u>	<u>2,076,811</u>
Income (loss) from operations	(145,495)	122,400	(23,095)	12,448
Fundraising activities - net of costs	930	-	930	(17,472)
Excess (deficiency) of revenue over expenses for the year	(144,565)	122,400	(22,165)	(5,024)
Net assets, beginning of the year	257,190	12,452	269,642	274,666
Net assets, end of the year	<u>112,625</u>	<u>134,852</u>	<u>247,477</u>	<u>269,642</u>

(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, 2020

	2020			2019
	Operating Fund \$	Capital asset Fund \$	Total \$	Total \$
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenue over expenses for the year	(144,565)	122,400	(22,165)	(5,024)
Non-cash expense - amortization	-	33,078	33,078	12,928
Changes in non-cash working capital balances:				
Accounts receivable	3,380	-	3,380	(3,640)
Inventory	-	-	-	14,571
Prepaid expenses	85,111	-	85,111	(82,937)
Interfund loan	32,625	(32,625)	-	-
Accounts payable and accrued liabilities	124,114	-	124,114	(2,759)
Government remittances	(1,215)	-	(1,215)	125
Deferred revenue	(418,854)	-	(418,854)	(89,603)
	<u>(319,404)</u>	<u>122,853</u>	<u>(196,551)</u>	<u>(155,249)</u>
Investing activities:				
Purchase of capital assets	-	(122,853)	(122,853)	(862)
Increase (decrease) in cash during the year	(319,404)	-	(319,404)	(156,111)
Cash, beginning of the year	584,231	-	584,231	740,342
Cash, end of the year	<u>264,827</u>	<u>-</u>	<u>264,827</u>	<u>584,231</u>
Supplemental information				
Interest received	7,426	-	7,426	7,975

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

NEPEAN MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020

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 2,400 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) 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. This includes office equipment & software, and hockey jerseys. Amounts appropriated to the capital asset fund for hockey jerseys include amounts approved by the Board of Directors over and above amounts spent or intended to be spent in any current fiscal year.

(c) 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.

(d) 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.

(e) 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.

(f) Deferred revenue

The deferred revenue consists of amounts received during the year, mainly registration fees, which pertain to the next fiscal year.

(g) 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.

NEPEAN MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020

2. Significant accounting principles (continued)

(h) 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

(i) 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. Capital asset fund

The changes in the capital assets is as follows:

	2020	2019
	\$	\$
Balance, beginning of the year	12,452	24,518
Additional appropriation for the purchase of hockey jerseys	32,625	-
Capital assets purchased during the year	122,853	862
Amortization expense	<u>(33,078)</u>	<u>(12,928)</u>
Balance, end of the year	<u>134,852</u>	<u>12,452</u>

NEPEAN MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020

5. Capital assets

The capital assets are as follows:

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Hockey jerseys	\$ 296,724	\$ 194,497	\$ 102,227	\$ 12,021
Office equipment & software	7,680	7,680	-	431
	<u>304,404</u>	<u>202,177</u>	<u>102,227</u>	<u>12,452</u>

6. 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 \$1,191,504 (2019 - \$1,215,288).

7. 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.

8. 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 \$1,072 per month.

9. Income taxes

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

10. Remuneration to the Board of Directors

In 2020, no member of the Board of Directors was remunerated for their services as members of the Board.

NEPEAN MINOR HOCKEY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2020

11. 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.

12. Covid-19 Pandemic

The Covid-19 pandemic has had an impact on the May 31, 2020 financial statements. The City of Ottawa lockdown of the facilities, including the office of the Nepean Minor Hockey Association wherein records are stored, delayed the start of the 2020 year-end annual audit. In addition, as at May 31, 2020 the inventory held by the Association could not be counted and priced. As such the amount reported on the statement of financial position has not been adjusted from that reported as at May 31, 2019.

13. Appropriation to the capital asset fund for hockey jersey purchases

A motion was passed by the Board of Directors to set aside funds to maintain, replenish, and replace NMHA hockey jerseys on an on-going basis. At the discretion of the Board, a portion of the year end net cash (defined as the cash balance less total current liabilities) not exceeding \$75,000 will be allocated for the future purchases. The appropriation will be restricted further in that no appropriation shall occur in a year in which the net cash is less than \$100,000. Furthermore, the Board of Directors has the option of deferring, based on an approved motion, the annual contribution for no more than one year in order to maintain the financial stability of the organization.

During 2020, and as reported in note 4 to the financial statements, \$32,625 has been appropriated for future hockey jersey purchases.