

**Guelph Minor Hockey Association
Financial Statements
For the Year Ended March 31, 2022**

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Independent Auditor's Report

To the Members of Guelph Minor Hockey Association

Qualified Opinion

We have audited the accompanying financial statements of Guelph Minor Hockey Association, which comprise the statement of financial position as at March 31, 2022, and the statements of revenue and expenditures, changes in net assets and 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Guelph Minor Hockey Association as at March 31, 2022 and 2021 and its statements of revenue and expenditures, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Guelph Minor Hockey Association derives part of its revenues from donations, memberships, events and cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records Guelph Minor Hockey Association. Therefore, we were unable to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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.

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 organization 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.

Auditor's Responsibilities 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 auditor's 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 organization'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 organization 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.

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
October 19, 2022

Guelph Minor Hockey Association Statement of Financial Position

March 31	2022	2021
Assets		
Current		
Cash (Note 2)	\$ 557,936	\$ 594,902
Prepaid expenses	17,587	3,800
	575,523	598,702
University of Guelph trademark and dressing room (Note 3)	20,000	30,000
Property, plant and equipment (Note 4)	2,731	6,865
	\$ 598,254	\$ 635,567
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 253,179	\$ 267,366
Deferred revenue	5,940	-
Due to the University of Guelph (Note 3)	5,000	5,000
	264,119	272,366
Due to the University of Guelph (Note 3)	10,000	20,000
	274,119	292,366
Net Assets		
Net assets invested in capital assets	2,731	6,865
Internally restricted net assets (Note 5)	200,000	200,000
Unrestricted net assets	121,404	136,336
	324,135	343,201
	\$ 598,254	\$ 635,567

The accompanying notes are an integral part of these financial statements.

Guelph Minor Hockey Association Statement of Changes in Net Assets

For the year ended March 31	Invested in Capital Assets	Restricted	Unrestricted	2022 Total	2021 Total
Net assets - beginning of the year	\$ 6,865	\$ 200,000	\$ 136,336	\$ 343,201	\$ 376,690
Deficiency of revenue over expenditures	(4,134)	-	(14,932)	(19,066)	(33,489)
Net assets - end of the year	\$ 2,731	\$ 200,000	\$ 121,404	\$ 324,135	\$ 343,201

The accompanying notes are an integral part of these financial statements.

Guelph Minor Hockey Association Statement of Revenue and Expenditures

For the year ended March 31	2022	2021
Revenue		
Registration, team and tryout fees	\$ 1,452,394	\$ 758,404
Sponsorship	32,170	12,265
Other revenue	8,889	389
Wage subsidies	-	20,550
Power play tournament	-	50
	1,493,453	791,658
Expenses		
Ice rental (Note 6)	757,278	358,193
Hockey supplies and equipment	157,326	38,429
Player development	147,956	151,875
Salaries and wages (Note 7)	103,134	111,587
Referees and timekeepers	84,613	4,692
AAA coach honorarium	56,000	-
League and team fees	34,161	28,510
Professional fees	32,570	11,746
Rent	31,487	30,678
Insurance	26,689	29,161
Coaching clinic and tools	24,527	2,523
On-line registration	20,445	22,150
Amortization of trademark / sponsorship with U of G	10,000	10,000
Office	9,566	7,624
Amortization of equipment	4,134	4,266
Telephone	3,954	3,767
Banquets and trophies	3,738	-
Repairs and maintenance	3,072	3,522
Interest and bank charges	1,154	1,221
Travel	715	-
Bad debts	-	5,203
	1,512,519	825,147
Deficiency of revenue over expenditures for the year	\$ (19,066)	\$ (33,489)

The accompanying notes are an integral part of these financial statements.

Guelph Minor Hockey Association Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Deficiency of revenues over expenses	\$ (19,066)	\$ (33,489)
Items not affecting cash:		
Amortization of equipment	4,134	4,266
Amortization of trademark / sponsorship with U of G	10,000	10,000
	(4,932)	(19,223)
Changes in non-cash working capital:		
Accounts receivable	-	11,655
Prepaid expenses	(13,787)	15,000
Accounts payable and accrued liabilities	(14,187)	247,173
Deferred revenue	5,940	(3,650)
	(26,966)	250,955
Cash flows from financing activities		
Repayment to the University of Guelph	(10,000)	-
	(10,000)	-
Net (decrease) increase in cash	(36,966)	250,955
Cash, beginning of the year	594,902	343,947
	594,902	343,947
Cash, end of the year	\$ 557,936	\$ 594,902

The accompanying notes are an integral part of these financial statements.

Guelph Minor Hockey Association

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Nature of Operations Guelph Minor Hockey Association (the "association") is a not-for-profit group incorporated without share capital under the laws of the Province of Ontario. The association is not subject to income taxes under the Income Tax Act. The association's principal operations are the organization of minor hockey leagues in the city of Guelph.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Property, Plant and Equipment Property, plant, equipment and leaseholds are stated at cost less accumulated amortization. In the year of acquisition, one-half the normal amortization is claimed. Hockey equipment and supplies are expensed in the year of acquisition. Amortization is provided using the following methods and annual rates:

	Method	Rate
Equipment	diminishing balance	30%
Office equipment	diminishing balance	20%
Computer equipment	diminishing balance	30%
Computer software	diminishing balance	100%
Leasehold improvements	straight-line	5 years

Revenue Recognition The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted revenues where expenses have not been incurred are recorded as deferred revenue. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Gifts-in-kind Gifts and services in kind received by the association are recorded as both a revenue and an expense item, only when the fair value of the gift or service received can be reasonably estimated and when the good or service would have otherwise been purchased.

Volunteer Services Policy Volunteers contribute significant hours in the year to the association. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

University of Guelph Trademark and Sponsorship This asset is being amortized over 10 years, which is the life of the agreement.

Guelph Minor Hockey Association

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Financial Instruments Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Government Assistance Government assistance received during the year for current expenses is included in the determination of net income for the year.

2. Cash

The association's bank account is held with one chartered bank.

3. Due to the University of Guelph

In 2015 the association agreed to pay \$100,000 towards a dressing room constructed for the exclusive use of the Midget AAA team. \$50,000 was paid in 2015 and a \$50,000 interest free loan was received, payable in installments of \$5,000 per year for the next 10 years. The association recognized the asset and related liability in 2015, with the asset being amortized over 10 years, the life of the agreement.

Guelph Minor Hockey Association Notes to Financial Statements

March 31, 2022

4. Property, Plant and Equipment

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 8,925	\$ 8,852	\$ 8,925	\$ 8,820
Office equipment	9,644	9,480	9,644	9,439
Computer equipment	18,915	18,325	18,915	18,072
Computer software	674	674	674	674
Leasehold improvements	89,600	87,696	89,600	83,888
	127,758	125,027	127,758	120,893
		\$ 2,731		\$ 6,865

5. Internally Restricted Net Assets

The Board of Directors may change the restricted status of these net assets by Board resolution at any time.

6. Ice Rental

Ice rental expense represents the net of reimbursement of sale of ice time. Gross revenue and expenses for the ice rental have not been recorded separately in the accounts. Sale and rebates of ice time in the current year amounts to \$20,519 (2021 - \$1,152).

7. Salaries and Wages

	2022	2021
Employee benefits	\$ 1,713	\$ 1,713
Honoraria	3,000	15,000
Ice scheduler	26,812	26,207
Office administration	64,093	61,670
Payroll taxes	7,516	6,997
	\$ 103,134	\$ 111,587

Guelph Minor Hockey Association Notes to Financial Statements

March 31, 2022

8. Commitments

The association is committed under an operating lease agreement for rental of premises. The lease expires in July 2031. The association can be released from the agreement with a written six month notice. The future minimum lease payments are as follows:

2023	\$	24,907
2024		24,907
2025		24,907
2026		25,705
Thereafter		<u>113,116</u>
	\$	<u>213,542</u>

9. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the association will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and commitments. The liquidity risk relating to the association's accounts payable and accrued liabilities and commitments is impacted by COVID-19, which could lead to increased difficulty in meeting the Association's obligations as they come due. This risk has not changed from the prior year.

10. Material Uncertainty - COVID-19

On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a pandemic, which has resulted in a series of public health and emergency measures being put in place to combat the spread of the virus. The association paused all hockey programming from January 3 until January 31, 2022 in accordance with public health measures resultant from the COVID-19 pandemic. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the disruption and related financial impact cannot be reasonably estimated at this time.
