

# **ILDERTON MINOR HOCKEY ASSOCIATION**

Financial Statements

Year ended June 30, 2019



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ilderton Minor Hockey Association

### Qualified Opinion

We have audited the financial statements of Ilderton Minor Hockey Association ("the Organization"), which comprise the Statement of Financial Position as at June 30, 2019, and the Statements of Operations and Changes in Net Assets 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, gate receipts and banquets, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue and excess of revenue over expenses for the year ended June 30, 2019, current assets and net assets for the year then ended. Our audit opinion on the financial statements was modified accordingly because of the possible effects of this limitation in scope.

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 qualified opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, 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 Organization'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 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 achieve 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.

London, Ontario  
January 14, 2020

**Chartered Professional Accountants**  
**Licensed Public Accountants**

# ILDERTON MINOR HOCKEY ASSOCIATION

Statement of Financial Position as at June 30, 2019

	2019	2018
<b>ASSETS</b>		
CURRENT		
Cash	\$ 238,184	\$ 245,812
Accounts receivable	-	1,810
Prepaid expenses	2,853	2,078
	<u>\$ 241,037</u>	<u>\$ 249,700</u>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,250	\$ 9,750
Deferred revenue	148,266	152,891
	<u>151,516</u>	<u>162,641</u>
<b>NET ASSETS</b>		
UNRESTRICTED NET ASSETS	<u>89,521</u>	<u>87,059</u>
	<u>\$ 241,037</u>	<u>\$ 249,700</u>

APPROVED BY THE DIRECTORS:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## ILDERTON MINOR HOCKEY ASSOCIATION

Statement of Changes in Net Assets  
Year ended June 30, 2019

	2019	2018
UNRESTRICTED NET ASSETS, Beginning of year	\$ 87,059	\$ 88,039
Excess (deficiency) of revenue over expenses	2,462	(980)
UNRESTRICTED NET ASSETS, End of year	\$ 89,521	\$ 87,059

# ILDERTON MINOR HOCKEY ASSOCIATION

Statement of Operations  
Year ended June 30, 2019

	2019	2018
REVENUE		
Registration	\$ 272,318	\$ 235,717
Gate	36,481	39,027
Credit program	33,200	26,300
Fundraising	16,228	16,895
Equipment	10,350	7,918
Sponsors	9,800	5,900
Development	8,400	7,700
Hockey Day	5,925	7,756
Banquet	1,666	5,793
50/50 Draw	913	-
Miscellaneous	-	839
	<u>395,281</u>	<u>353,845</u>
EXPENSES		
Ice rental	263,030	250,084
League fees	30,649	25,720
Referees	27,715	28,214
Equipment	22,281	9,079
Development	9,900	10,975
Fundraising	8,342	8,779
Events	8,244	5,078
Administration	7,917	5,046
Professional fees	4,518	3,250
Training	4,378	1,770
Gate	2,709	3,076
Supplies	1,472	1,010
Website	1,106	1,288
Insurance	558	862
Donations	-	594
	<u>392,819</u>	<u>354,825</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 2,462	\$ (980)

# ILDERTON MINOR HOCKEY ASSOCIATION

Statement of Cash Flows  
Year ended June 30, 2019

	2019	2018
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 2,462	\$ (980)
Change in non-cash working capital items related to operations		
(Increase) decrease in current assets:		
Accounts receivable	1,810	890
Prepaid expenses	(775)	1
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(6,500)	(3,134)
Deferred revenue	(4,625)	103,330
INCREASE (DECREASE) IN CASH DURING THE YEAR	(7,628)	100,107
Cash, beginning of year	245,812	145,705
CASH, END OF YEAR	\$ 238,184	\$ 245,812

# ILDERTON MINOR HOCKEY ASSOCIATION

Notes to Financial Statements  
June 30, 2019

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## 1. PURPOSE OF ASSOCIATION

The association is a not-for-profit corporation, incorporated by Letters Patent dated October 1, 2012, formed for the purposes of administrating and implementing a minor hockey program for youth in house league and competitive programs located in a defined geographical area within the town of Ilderton. The association is exempt from tax under section 149(1) of the Income Tax Act (Canada).

## 2. ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below.

### Revenue Recognition

Revenue is recognized as received from registration, sponsorship, gate admissions and hockey development. Revenue is received primarily in the first quarter of the fiscal year during the registration of players.

### Cash and Cash Equivalents

Cash as disclosed on the statement of financial position consists of cash on hand and balances with banks.

### Financial Instruments

Measurement of Financial Instruments:

The association initially measures its financial assets and financial liabilities at fair value.

The association subsequently measures all its financial assets and financial liabilities at amortized cost, except the investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses for the year.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in excess of revenue over expenses.



# ILDERTON MINOR HOCKEY ASSOCIATION

Notes to Financial Statements  
June 30, 2019

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## 2. ACCOUNTING POLICIES (continued)

### Transaction Costs:

The association recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

## 3. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Transactions in financial instruments may result in financial risks being assumed by the association. The risks identified by the association are as follows:

### Liquidity Risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting financial obligations as they become due. The association is exposed to the risk given its financial position and reliance on player registrations to maintain operations.

It is management's belief that the association is not exposed to any significant credit, currency, interest rate or market risk.

The extent of the association's exposure to the above risks did not change during the fiscal year.