

Minor Oaks Hockey Association Inc.
Financial Statements
April 30, 2020

Minor Oaks Hockey Association Inc.
Contents

For the year ended April 30, 2020

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Independent Auditor's Report

To the Board of Directors of Minor Oaks Hockey Association Inc.:

Opinion

We have audited the financial statements of Board of Directors of Minor Oaks Hockey Association Inc. (the "Organization"), which comprise the statement of financial position as at April 30, 2020, and the statements of revenues 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at April 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 the 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.

Burlington, Ontario

September 21, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Minor Oaks Hockey Association Inc.
Statement of Financial Position

As at April 30, 2020

	2020	2019
Assets		
Current		
Cash	301,230	853,627
Investments (Note 3)	104,685	102,798
Accounts receivable (Note 4)	19,647	61,560
Prepaid expenses (Note 5)	137,931	44,286
	563,493	1,062,271
Capital assets (Note 6)	18,635	51,456
Investments (Note 3)	421,914	413,128
	1,004,042	1,526,855
Liabilities		
Current		
Accounts payable and accrued liabilities	28,035	37,006
Deferred registration revenue (Note 7)	2,011	505,220
	30,046	542,226
Commitment (Note 10)		
Net Assets	973,996	984,629
	1,004,042	1,526,855

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Minor Oaks Hockey Association Inc.
Statement of Revenue and Expenditures

For the year ended April 30, 2020

	2020	2019
Revenue		
Registration	2,209,322	2,210,795
Team assessments	1,510,948	1,432,007
Fundraising	1,304	1,125
Hockey development	98,260	72,708
Playoffs (Note 8)	-	7,250
Sponsors	62,613	92,143
Tournaments (Note 9)	257,023	259,169
Interest earned	30,213	23,721
Miscellaneous income (Note 4)	53,866	74,181
	4,223,549	4,173,099
Expenditures		
Administrative	431,347	375,371
Amortization	12,460	9,791
Credit card processing fees	70,878	66,138
Donations	40,139	23,478
Hockey development	288,379	208,540
Honourariums	54,879	52,180
Ice rental	2,236,974	2,080,293
Insurance	98,210	98,555
O.M.H.A fees	102,007	100,577
Photography	8,810	9,794
Playoffs (Note 8)	30,306	37,319
Professional fees	23,261	27,335
Publicity	24,214	41,657
Referees	107,353	142,284
Timekeepers	24,508	36,672
Tournaments (Note 9)	243,563	298,688
Uniforms	436,894	413,440
	4,234,182	4,022,112
Excess (deficiency) of revenue over expenditures	(10,633)	150,987

The accompanying notes are an integral part of these financial statements

Minor Oaks Hockey Association Inc.
Statement of Changes in Net Assets

For the year ended April 30, 2020

	2020	2019
Net assets, beginning of the year	984,629	833,642
Excess (deficiency) of revenue over expenditures	(10,633)	150,987
Net assets, end of year	973,996	984,629

The accompanying notes are an integral part of these financial statements

Minor Oaks Hockey Association Inc.
Statement of Cash Flows
For the year ended April 30, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenditures	(10,633)	150,987
Amortization	12,460	9,791
Loss on writedown of capital asset	20,363	-
	22,190	160,778
Changes in working capital accounts		
Accrued interest earned on investments	(10,341)	(9,415)
Accounts receivable	41,913	1,731
Inventory	-	23,857
Prepaid expenses	(93,646)	(41,573)
Accounts payable and accrued liabilities	(8,971)	(10,574)
Deferred contributions	(503,209)	371,603
	(552,064)	496,407
Investing activities		
Purchase of investments	(103,131)	(101,350)
Proceeds on disposal of investments	102,798	101,350
Purchase of capital assets	-	(43,137)
	(333)	(43,137)
Increase (decrease) in cash resources	(552,397)	453,270
Cash resources, beginning of year	853,627	400,357
Cash resources, end of year	301,230	853,627

The accompanying notes are an integral part of these financial statements

Minor Oaks Hockey Association Inc.

Notes to the Financial Statements

For the year ended April 30, 2020

1. Nature of Operations

Minor Oaks Hockey Association Inc. (the "Organization") was incorporated in the Province of Ontario without share capital, operates hockey leagues for minor children in the Town of Oakville, including house and rep leagues and thus is exempt from income taxes under paragraph 149 (1)(l) of the Income Tax Act.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Organization's business activities. Effective March 13th, 2020, the operations of the Organization were suspended, including all hockey seasons and playoffs that were in progress. The full extent to which the coronavirus may impact the Organization's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The Organization cannot determine their full financial impact.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Registration, team assessments, hockey development, playoffs and tournament revenue are deferred to periods when the specified programs are started.

Fundraising, sponsors and miscellaneous income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenditures for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Minor Oaks Hockey Association Inc.
Notes to the Financial Statements

For the year ended April 30, 2020

2. Significant accounting policies *(continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method (unless otherwise noted) at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30 %
Equipment	declining balance	20 %
Furniture and fixtures	declining balance	20 %
Hockey equipment	declining balance	20 %
Leasehold improvements	straight line	5 years
Rep lockers	declining balance	20 %

Use of estimates

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accrued liabilities are made based on actual and historic expenses where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenditures in the periods in which they become known.

3. Investments

Investments consist of guaranteed investment certificates ("GICs") totalling \$526,600 with interest rates ranging from 1.65% to 2.75% and maturities between July 14, 2020 and July 15, 2024. Investments with maturities of less than 12 months have been classified as current assets on the statement of financial position.

	2020	2019
Current	104,685	102,798
Long-term	421,914	413,128
	526,599	515,926

4. Accounts receivable

In March 2020, the Government of Canada announced the introduction of the Canada Emergency Wage Subsidy (CEWS) to support employers that are hardest hit by the COVID-19 pandemic.

The subsidy generally covers 75% of an employee's wages (to a maximum) for employers of all sizes and across all sectors that have suffered a decrease in gross revenues of at least 15% in March, and 30% in April. The Organization determined that it would be eligible for the CEWS amount and has applied for such assistance from the Government of Canada. At April 30, 2020 the Organization has recorded \$18,345 of assistance as Miscellaneous income from the CEWS program.

Minor Oaks Hockey Association Inc.
Notes to the Financial Statements

For the year ended April 30, 2020

5. Prepaid expenses

Prepaid expenses consist of ice rental expenses paid in advance to the Town of Oakville and Canlan. On March 13th, 2020 Hockey Canada announced its decision to cancel all Hockey-Canada-sanctioned activities effective immediately. Prepaid ice time from March 13th through year end was credited to the 2020 - 2021 hockey season.

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Computer equipment	37,657	35,461	2,196	3,138
Equipment	5,317	5,317	-	1,003
Furniture and fixtures	6,462	5,635	827	1,033
Hockey equipment	26,233	13,327	12,906	16,132
Leasehold improvements	10,820	8,115	2,705	5,951
Rep lockers	26,888	26,888	-	24,199
	113,377	94,743	18,634	51,456

7. Deferred contributions

Deferred contributions consist of registration revenue for which the program has not yet started. Recognition of these amounts as revenue is deferred to periods when the specified programs are started. Changes in the deferred contribution balance are as follows:

	<i>2020</i>	<i>2019</i>
Balance, beginning of year	505,220	133,617
Amount received during the year	-	554,489
Less: Amount recognized as revenue during the year	(503,209)	(182,886)
Balance, end of year	2,011	505,220

Summer and Fall registration remained closed due to Hockey Canada's March 13th, 2020 announcement in which it cancelled all Hockey Canada-sanctioned activities until further notice .

8. Playoffs revenue and expenses

	<i>2020</i>	<i>2019</i>
Revenue	-	7,250
Expenses	(30,306)	(37,319)
Net	(30,306)	(30,069)

Minor Oaks Hockey Association Inc.
Notes to the Financial Statements

For the year ended April 30, 2020

9. Tournaments revenue and expenses

	2020	2019
Frank Sabatino		
Revenue	69,409	67,915
Expenses	<u>(60,635)</u>	<u>(71,245)</u>
Net	8,774	(3,330)
Richard Bell		
Revenue	143,078	159,041
Expenses	<u>(144,554)</u>	<u>(199,738)</u>
Net	(1,476)	(40,697)
Shrink the Rink		
Revenue	44,536	32,213
Expenses	<u>(38,374)</u>	<u>(27,705)</u>
Net	6,162	4,508
Total Revenue	257,023	259,169
Total Expenses	<u>(243,563)</u>	<u>(298,688)</u>
Net	13,460	(39,519)

Net proceeds of tournaments are donated to charity.

10. Commitment

The Organization has entered into a building lease with estimated minimum annual payments as follows:

2021	21,199
<u>2022</u>	<u>17,666</u>
	<u>38,865</u>

11. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk arising from its accounts receivables. This risk has not changed from the prior year. Management evaluates the likeliness of receivables on a periodic basis and does not anticipate any credit losses.

12. Subsequent event

On July 31, 2020, the Ontario Hockey Federation released its Return to Hockey Stage 3 plans which provide guidance for participants to safely return to hockey and commencement of the 2020-2021 hockey season. On September 1, 2020 registration will be open for the upcoming season barring any unexpected changes or announcements.