

Financial Statements of

**HOCKEY EASTERN
ONTARIO**

And Independent Auditor's Report thereon

Year ended April 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Hockey Eastern Ontario

Opinion

We have audited the financial statements of Hockey Eastern Ontario (the Entity), which comprise:

- the statement of financial position as at April 30, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2023, and its results of 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 auditor's report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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 the 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 Entity'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 Entity'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 Entity 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 30, 2023

HOCKEY EASTERN ONTARIO

Statement of Financial Position

April 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 168,535	\$ 849,101
Accounts receivable (note 2)	853,282	374,581
Short-term investments (note 3)	470,179	237,434
Prepaid expenses	31,590	26,290
	<u>1,523,586</u>	<u>1,487,406</u>
Long-term investments (note 3)	424,737	441,420
Capital assets (note 4)	46,523	82,657
	<u>\$ 1,994,846</u>	<u>\$ 2,011,483</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 69,959	\$ 90,227
Deferred revenue (note 6)	33,852	63,775
	<u>103,811</u>	<u>154,002</u>
Deferred capital contributions (note 7)	32,479	54,670
Net assets:		
Internally restricted (note 8)	416,665	457,566
Invested in capital assets	14,044	27,987
Unrestricted	1,427,847	1,317,258
	<u>1,858,556</u>	<u>1,802,811</u>
Commitments (note 10)		
	<u>\$ 1,994,846</u>	<u>\$ 2,011,483</u>

See accompanying notes to financial statements.

On behalf of the Board:

HOCKEY EASTERN ONTARIO

Statement of Operations

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Fees - participant/junior team	\$ 455,236	\$ 430,414
Programs (Schedule 2)	468,441	314,579
Transfer and appeals (schedule 1)	106,968	68,738
Grants	113,698	283,544
Marketing, sponsorship and promotion	55,539	25,123
Hockey Canada and pillar funding	47,669	83,682
Amortization of deferred capital contributions	22,191	22,191
Investment income (loss)	15,465	(1,980)
Schools - Hockey Canada	7,500	-
Awards and bursaries	2,250	2,000
Governments grants (note 9)	85	62,984
Hockey Canada assessment (schedule 1)	78	78
Annual general meeting	-	1,000
	1,295,120	1,292,353
Expenses:		
Programs (schedule 2)	367,870	208,571
Salaries and benefits	317,765	319,344
Building occupancy	112,668	108,570
Professional fees	82,571	55,017
Marketing, sponsorship and promotion	75,718	41,914
Technology	55,677	67,558
Grants	40,315	129,675
Amortization of capital assets	36,134	39,750
Miscellaneous	27,541	68,643
Office supplies and equipment	25,175	28,779
Committees, travel and meetings	25,132	9,427
Transfers and appeals (schedule 1)	22,263	27,742
Annual general meeting	17,068	5,494
Honorariums	16,357	14,935
Awards and bursaries	9,500	7,000
Clinic resource materials	6,801	4,251
Instructor's fees and travel	1,391	-
Credit card, bank and interest	(571)	14,737
	1,239,375	1,151,407
Excess of revenue over expenses	\$ 55,745	\$ 140,946

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Statement of Changes in Net Assets

Year ended April 30, 2023, with comparative information for 2022

	Internally restricted	Invested in capital assets	Unrestricted	Total 2023	Total 2022
Net assets, beginning of year	\$ 457,566	\$ 27,987	\$ 1,317,258	\$ 1,802,811	\$ 1,661,865
Excess of revenue over expenses	-	-	55,745	55,745	140,946
Internally imposed restrictions	(40,901)	-	40,901	-	-
Amortization of deferred capital contributions	-	22,191	(22,191)	-	-
Amortization of capital assets	-	(36,134)	36,134	-	-
Net assets, end of year	\$ 416,665	\$ 14,044	\$ 1,427,847	\$ 1,858,556	\$ 1,802,811

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Statement of Cash Flows

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 55,745	\$ 140,946
Items not involving cash:		
Decrease (increase) in unrealized gain on short-term investments	(18,539)	31,614
Amortization of capital assets	36,134	39,750
Amortization of deferred capital contributions	(22,191)	(22,191)
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(478,701)	16,075
Increase in prepaid expenses	(5,300)	(13,328)
Increase (decrease) in accounts payable and accrued liabilities	(20,268)	21,463
Decrease in deferred revenue	(29,923)	(42,409)
	(483,043)	171,920
Investing activities:		
Purchase of investments	(197,523)	(28,771)
	(197,523)	(28,771)
Increase (decrease) in cash	(680,566)	143,149
Cash, beginning of year	849,101	705,952
Cash, end of year	\$ 168,535	\$ 849,101

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements

Year ended April 30, 2023

Hockey Eastern Ontario (the "Entity") was incorporated without share capital August 1, 2020 in the province of Ontario. The objectives of the Entity are to:

- Promote and foster hockey through fair play;
- Maintain and increase interest in the game of hockey, and;
- Ensure that all organized amateur hockey is developed within the Hockey Eastern Ontario branch in accordance to prescribed standards.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting. The Entity's significant accounting policies are as follows:

(a) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Entity determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Entity expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

1. Significant accounting policies (continued):

(b) Capital assets:

Computers are recorded at cost and are amortized on a straight-line basis over three years.

Furniture and fixtures are recorded at cost and are amortized on a straight-line basis over periods ranging from five to ten years.

Leasehold improvements are recorded at cost and are amortized on a straight-line basis over the period of the lease.

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(c) Revenue recognition:

The Entity follows the deferral method of accounting for contributions for not-for-profit organizations.

Revenues are recognized when the amount is known, collections is reasonably assured and the services have been provided.

Restricted contributions are recognized as revenue in the year in which the conditions for the restriction have been met.

Contributions are recognized as revenue in the year in which the contribution is received.

Participant, team and assessment revenues are recognized in the year to which they apply.

Grant and donation funding for the acquisition of capital assets is deferred and included in income as the capital assets are amortized.

Marketing, sponsorship and promotion revenue is recorded when received or receivable and collectibility is reasonably assured.

Investment revenue earned on fund investments is recognized as revenue in the year earned.

Amounts paid in advance for the following year are recorded as deferred revenue.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

1. Significant accounting policies (continued):

(d) Deferred capital contributions:

Contributions received for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding to the amortization rate of the related capital assets.

(e) Expenses:

In the statement of operations, the Entity presents its expenses by object. Expenses are recognized in the year incurred and are recorded to the function to which they are directly related. The Entity does not allocate expenses between functions after initial recognition.

(f) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

(g) Government assistance:

Government assistance related to current expenses and revenue is included in the determination of excess of revenue over expenses for the period.

2. Accounts receivable:

	2023	2022
Accounts receivable	\$ 791,817	\$ 318,566
Sales tax receivable	61,465	56,015
	<u>\$ 853,282</u>	<u>\$ 374,581</u>

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

3. Investments:

Included in investments are funds held relating to the Mentorship program disclosed in note 6.

Investments held as at April 30 consist of the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 430,076	\$ 430,076	\$ 221,890	\$ 221,890
Fixed income	155,592	155,210	119,742	121,816
Preferred shares	17,980	19,307	40,245	38,189
Common shares	230,347	195,858	224,935	198,971
Mutual Funds	60,921	58,747	57,444	63,925
Foreign Securities	-	-	14,598	15,222
	894,916	859,198	678,854	660,013
Short-term investments	470,179	469,277	237,434	237,098
Long-term investments	\$ 424,737	\$ 389,921	\$ 441,420	\$ 422,915

4. Capital assets:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 115,843	\$ 106,842	\$ 9,001	\$ 12,925
Computers	67,426	65,498	1,928	5,663
Leasehold improvements	284,750	249,156	35,594	64,069
	\$ 468,019	\$ 421,496	\$ 46,523	\$ 82,657

Cost and accumulated amortization at April 30, 2022 amounted to \$468,019 and \$385,362, respectively.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

5. Accounts payable and accrued liabilities:

- (a) Hockey Eastern Ontario Collects fees from all participants, as per the table below. Those collected on behalf of Hockey Canada are received from participants and forwarded directly to Hockey Canada with no amounts retained locally and are not shown on the financial statements of the Branch.

	2023	2022
Insurance:		
Accidental Death & Dismemberment Insurance plus PST	\$ 5.56	\$ 5.15
Major Medical/Dental Insurance plus PST	2.16	2.00
Liability plus PST	12.58	11.65
Directors and Officers Liability Insurance plus PST	2.16	2.00
	\$ 22.46	20.80

The Hockey Eastern Ontario fees as per the table below, are collected and used to provide the programs/activities and pay the expenses of the applicable category. These fees are shown as revenues in the financial statements of the Branch.

	2023	2022
Participation	\$ 10.70	10.70
	\$ 10.70	\$ 10.70

- (b) Included in accounts payable and accrued liabilities are government remittances payable of \$587 (2022 - \$587).

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

6. Deferred revenue:

	2023	2022
Mentorship program	\$ 9,420	\$ 8,670
Player deposits	7,457	10,509
Initiation program	4,545	4,545
Ontario Sport Grant	-	40,051
POE participants	12,430	-
	\$ 33,852	\$ 63,775

7. Deferred capital contributions:

	2023	2022
Balance, beginning of year	\$ 54,670	\$ 76,861
Amortization of deferred capital contributions	(22,191)	(22,191)
Balance, end of year	\$ 32,479	\$ 54,670

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

8. Internally restricted net assets:

	Balance, April 30, 2022	Restricted in period	Used in period	Balance, April 30, 2023
Anniversary Fund	\$ 50,000	\$ -	\$ (40,901)	\$ 9,099
Operating Fund	296,056	-	-	296,056
Legacy Fund	111,510	-	-	111,510
	\$ 457,566	\$ -	\$ (40,901)	\$ 416,665

	Balance, April 30, 2021	Restricted in period	Used in period	Balance, April 30, 2022
Anniversary Fund	\$ 50,000	\$ -	\$ -	\$ 50,000
Operating Fund	296,056	-	-	296,056
Legacy Fund	111,510	-	-	111,510
	\$ 457,566	\$ -	\$ -	\$ 457,566

The Board of Directors of the Entity had approved the internal restriction of net assets to cover the costs of Hockey Eastern Ontario's 100th anniversary celebration scheduled in fiscal 2023. At April 30, 2023, a total of \$9,099 (2022 - \$50,000) has been restricted for this purpose.

The Entity receives Legacy Fund contributions from Hockey Canada. All requests for funds are reviewed by the Finance Committee prior to being presented to the Board of the entity for approval.

The Operating Fund balance was transferred over from HEO Minor in a prior year.

These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

9. Government assistance:

Included in government grant income are recoveries from the Canadian Emergency Wage Subsidy income program of \$85 (2022 - \$51,861) and the Canadian Emergency Rent Subsidy program of \$Nil (2022 - \$11,123).

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

10. Commitments:

The Entity leases office space, advertising space and office equipment under long-term leases that expire at various dates over the next five years. The minimum annual lease payments for the next five years and thereafter are as follows:

2024	\$	42,901
2025		29,800
2026		29,800
2027		11,050
2028 and thereafter		6,000
	\$	119,551

11. Financial risks:

In the normal course of business, the Entity uses various financial instruments which by their nature involve risk, including credit risk, liquidity risk and market risk. Market risk consists of currency risk and interest rate risk. These financial instruments are subject to normal credit conditions, financial controls, risk management as well as monitoring procedures.

(a) Currency risk:

Currency risk is the risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in foreign exchange rates. The Entity is not exposed to currency risk.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Entity deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Entity monitors the credit risk of customers through credit rating reviews.

(c) Liquidity risk:

Liquidity risk is the risk that the Entity will encounter difficulty in meeting obligations associated with financial liabilities. The Entity is exposed to liquidity risk arising primarily from the accounts payable and accrued liabilities. The Entity's ability to meet obligations depends on the receipt of funds from its operating activities.

There have been no significant changes to the risk exposures from 2022.

HOCKEY EASTERN ONTARIO

Schedule 1 - Hockey Canada

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Hockey Canada revenue:		
Assessment	\$ 78	\$ 78
Inter-branch transfer fee	106,968	68,738
	<u>\$ 107,046</u>	<u>\$ 68,816</u>
Hockey Canada expenses:		
Inter-branch transfer fee	\$ 22,263	\$ 27,742
	<u>\$ 22,263</u>	<u>\$ 27,742</u>

HOCKEY EASTERN ONTARIO

Schedule 2 - Programs

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Program revenue:		
Clinics	\$ 291,747	\$ 267,329
Mentorship	-	5,000
IP	-	22,000
POE	31,000	20,250
Champions/Tournaments	135,694	-
High performance	10,000	-
	<u>\$ 468,441</u>	<u>\$ 314,579</u>
Program expenses:		
Clinics	\$ 58,609	\$ 40,162
Mentorship	64,682	64,548
IP	13,900	14,000
POE	53,112	29,458
Championships	112,936	26,016
Education	442	3,124
Officiating	17,168	15,492
Clinic instructors	12,946	5,970
Recruitment	6,847	7,420
Coaching	17,228	2,381
High performance	10,000	-
	<u>\$ 367,870</u>	<u>\$ 208,571</u>