

Financial Statements of

**HOCKEY EASTERN
ONTARIO**

And Independent Auditors' Report thereon

Year ended April 30, 2022



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INDEPENDENT AUDITORS' 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, 2022
- 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 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, 2022, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 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 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 auditors' 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 auditors' 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 27, 2022

HOCKEY EASTERN ONTARIO

Statement of Financial Position

April 30, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 849,101	\$ 705,952
Accounts receivable (note 2)	374,581	390,656
Short-term investments (note 3)	237,434	255,774
Prepaid expenses	26,290	12,962
	<u>1,487,406</u>	<u>1,365,344</u>
Long-term investments (note 3)	441,420	425,923
Capital assets (note 4)	82,657	122,407
	<u>\$ 2,011,483</u>	<u>\$ 1,913,674</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 90,227	\$ 68,764
Deferred revenue (note 6)	63,775	106,184
	<u>154,002</u>	<u>174,948</u>
Deferred capital contributions (note 7)	54,670	76,861
Net assets:		
Internally restricted (note 8)	457,566	457,566
Invested in capital assets	27,987	45,546
Unrestricted	1,317,258	1,158,753
	<u>1,802,811</u>	<u>1,661,865</u>
Commitments (note 10)		
	<u>\$ 2,011,483</u>	<u>\$ 1,913,674</u>

See accompanying notes to financial statements.

On behalf of the Board:

HOCKEY EASTERN ONTARIO

Statement of Operations

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Fees - participant/junior team	\$ 430,414	\$ 379,127
Programs (Schedule 2)	314,579	67,978
Grants	283,544	247,497
Hockey Canada and pillar funding	83,682	145,946
Transfer and appeals (schedule 1)	68,738	23,050
Governments grants (note 9)	62,984	169,124
Marketing, sponsorship and promotion	25,123	50
Amortization of deferred capital contributions	22,191	22,191
Awards and bursaries	2,000	1,500
Annual general meeting	1,000	1,000
Hockey Canada assessment (schedule 1)	78	21,453
HEO Minor revenue	-	28,285
Miscellaneous	-	5,636
Investment income (loss)	(1,980)	44,905
	1,292,353	1,157,742
Expenses:		
Salaries and benefits	319,344	313,924
Programs (schedule 2)	208,571	64,810
Grants	129,675	27,542
Building occupancy	108,570	84,546
Miscellaneous	68,643	3,997
Technology	67,558	43,306
Professional fees	55,017	80,718
Marketing, sponsorship and promotion	41,914	13,380
Amortization of capital assets	39,750	40,556
Office supplies and equipment	28,779	26,614
Transfers and appeals (schedule 1)	27,742	20,965
Honorariums	14,935	12,827
Credit card, bank and interest	14,737	7,163
Committees, travel and meetings	9,427	11,816
Awards and bursaries	7,000	7,500
Annual general meeting	5,494	-
Clinic resource materials	4,251	1,243
Hockey Canada assessment (schedule 1)	-	21,678
	1,151,407	782,585
Excess of revenue over expenses	\$ 140,946	\$ 375,157

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Statement of Changes in Net Assets

Year ended April 30, 2022, with comparative information for 2021

	Internally restricted	Invested in capital assets	Unrestricted	Total 2022	Total 2021
Net assets, beginning of year	\$ 457,566	\$ 45,546	\$ 1,158,753	\$ 1,661,865	\$ 1,286,636
Excess of revenue over expenses	-	-	140,946	140,946	375,157
Amortization of deferred capital contributions	-	22,191	(22,191)	-	-
Amortization of capital assets	-	(39,750)	39,750	-	-
Interest Earned	-	-	-	-	72
Net assets, end of year	\$ 457,566	\$ 27,987	\$ 1,317,258	\$ 1,802,811	\$ 1,661,865

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Statement of Cash Flows

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 140,946	\$ 375,157
Items not involving cash:		
Decrease (increase) in unrealized gain on short-term investments	31,614	(37,812)
Amortization of capital assets	39,750	40,556
Amortization of deferred capital contributions	(22,191)	(22,191)
Disposal of capital assets	-	1,197
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	16,075	(237,736)
Decrease (increase) in prepaid expenses	(13,328)	9,188
Increase in accounts payable and accrued liabilities	21,463	6,474
Increase (decrease) in deferred revenue	(42,409)	65,199
	171,920	200,032
Investing activities:		
Purchase of investments	(28,771)	(6,011)
Interest earned	-	72
Purchase of capital assets	-	(9,915)
	(28,771)	(15,854)
Increase in cash	143,149	184,178
Cash, beginning of year	705,952	521,774
Cash, end of year	\$ 849,101	\$ 705,952

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements

Year ended April 30, 2022

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, 2022

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, 2022

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 net income for the period.

2. Accounts receivable:

	2022	2021
Accounts receivable	\$ 318,566	\$ 369,198
Sales tax receivable	56,015	21,458
	<u>\$ 374,581</u>	<u>\$ 390,656</u>

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2022

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:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 221,890	\$ 221,890	\$ 220,494	\$ 220,494
Fixed income	119,742	121,816	195,876	192,115
Preferred shares	40,245	38,189	50,332	45,779
Common shares	224,935	198,971	195,803	152,382
Mutual Funds	57,444	63,925	3,505	3,505
Foreign Securities	14,598	15,222	15,687	15,222
	678,854	660,013	681,697	629,497
Short-term investments	237,434	237,098	255,774	253,139
Long-term investments	\$ 441,420	\$ 422,915	\$ 425,923	\$ 376,358

4. Capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 115,843	\$ 102,918	\$ 12,925	\$ 18,326
Computers	67,426	61,763	5,663	11,537
Leasehold improvements	284,750	220,681	64,069	92,544
	\$ 468,019	\$ 385,362	\$ 82,657	\$ 122,407

Cost and accumulated amortization at April 30, 2021 amounted to \$468,019 and \$345,612, respectively.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2022

5. Accounts payable and accrued liabilities:

- (a) Hockey Eastern Ontario Collects fees, as per the table below, 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.

	2022	2021
Participation	\$ -	\$ 1.95
Insurance:		
Accidental Death & Dismemberment Insurance plus PST	5.15	6.70
Major Medical/Dental Insurance plus PST	2.00	2.60
Liability plus PST	11.65	15.15
Directors and Officers Liability Insurance plus PST	2.00	2.60
	\$ 20.80	\$ 29.00

The Hockey Eastern Ontario fees as per the tables 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.

	2022	2021
Participation	\$ 10.70	\$ 11.70
	\$ 10.70	\$ 11.70

- (b) Included in accounts payable and accrued liabilities are government remittances payable of \$587 (2021 - \$587).

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2022

6. Deferred revenue:

	2022	2021
Mentorship program	\$ 8,670	\$ 13,389
Player deposits	10,509	-
Initiation program	4,545	26,545
Hockey Trainers Ontario	-	30,144
Ontario Sport Grant	40,051	36,106
	\$ 63,775	\$ 106,184

7. Deferred capital contributions:

	2022	2021
Balance, beginning of year	\$ 76,861	\$ 99,052
Amortization of deferred capital contributions	(22,191)	(22,191)
Balance, end of year	\$ 54,670	\$ 76,861

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2022

8. Internally restricted net assets:

	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

	Balance, April 30, 2020	Restricted in period	Used in period	Balance, April 30, 2021
Anniversary Fund	\$ 50,000	\$ -	\$ -	\$ 50,000
Operating Fund	296,056	-	-	296,056
Legacy Fund	105,680	5,830	-	111,510
	\$ 451,736	\$ 5,830	\$ -	\$ 457,566

The Board of Directors of the Entity had approved the internal restriction of net assets to cover the future costs of Hockey Eastern Ontario's 100th anniversary celebration scheduled fiscal 2023. At April 30, 2022, a total of \$50,000 (2021 - \$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 the 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 \$51,861 (2021 - \$153,207) and the Canadian Emergency Rent Subsidy program of \$11,123 (2021 - \$15,917).

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2022

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:

2023	\$	83,803
2024		39,301
2025		25,000
2026		25,000
2027		6,250
	\$	179,354

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 2021.

HOCKEY EASTERN ONTARIO

Schedule 1 - Hockey Canada

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Hockey Canada revenue:		
Assessment	\$ 78	\$ 21,453
Inter-branch transfer fee	68,738	23,050
	<u>\$ 68,816</u>	<u>\$ 44,503</u>
Hockey Canada expenses:		
Assessment	\$ -	\$ 21,678
Inter-branch transfer fee	27,742	20,965
	<u>\$ 27,742</u>	<u>\$ 42,643</u>

HOCKEY EASTERN ONTARIO

Schedule 2 - Programs

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Program revenue:		
Clinics	\$ 267,329	\$ 67,426
Mentorship	5,000	552
IP	22,000	-
POE	20,250	-
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	\$ 314,579	\$ 67,978
Program expenses:		
Clinics	\$ 40,162	\$ 21,974
Mentorship	64,548	5,552
IP	14,000	21,000
POE	29,458	-
Championships	26,016	5,820
Education	3,124	810
Officiating	15,492	10
Clinic instructors	5,970	1,820
Recruitment	7,420	4,623
Coaching	2,381	3,201
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	\$ 208,571	\$ 64,810