

Financial Statements of

**HOCKEY EASTERN
ONTARIO**

And Independent Auditors' Report thereon

Period from August 1, 2020 to April 30, 2021



KPMG LLP
150 Elgin Street, Suite 1800
Ottawa ON K2P 2P8
Canada
Telephone 613-212-5764
Fax 613-212-2896

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, 2021
- the statement of operations for the period from August 1, 2020 to April 30, 2021
- the statement of changes in net assets for the period from August 1, 2020 to April 30, 2021
- the statement of cash flows for the period from August 1, 2020 to April 30, 2021
- 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, 2021, and its results of operations and its cash flows for the period from August 1, 2020 to April 30, 2021 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 and Those Charge 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 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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.
- 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, 2021

HOCKEY EASTERN ONTARIO

Statement of Financial Position

April 30, 2021, with comparative information for 2020

| | 2021 | 2020 (combined) |
|---------------------------------|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 705,952 | \$ 521,774 |
| Accounts receivable (note 2) | 390,656 | 152,920 |
| Short-term investments (note 3) | 255,774 | 409,017 |
| Prepaid expenses | 12,962 | 22,150 |
| | <u>1,365,344</u> | <u>1,105,861</u> |
| Long-term investments (note 3) | 425,923 | 228,857 |
| Capital assets (note 4) | 122,407 | 154,245 |
| | <u>\$ 1,913,674</u> | <u>\$ 1,488,963</u> |

Liabilities and Net Assets

| | | |
|---|---------------------|---------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 5) | \$ 68,764 | \$ 62,290 |
| Deferred revenue (note 6) | 106,184 | 40,985 |
| | <u>174,948</u> | <u>103,275</u> |
| Deferred capital contributions (note 7) | 76,861 | 99,052 |
| Net assets: | | |
| Internally restricted (note 8) | 457,566 | 447,644 |
| Invested in capital assets | 45,546 | 53,844 |
| Unrestricted | 1,158,753 | 785,148 |
| | <u>1,661,865</u> | <u>1,286,636</u> |
| Commitments (note 9) | | |
| Impact of COVID-19 (note 11) | | |
| | <u>\$ 1,913,674</u> | <u>\$ 1,488,963</u> |

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

HOCKEY EASTERN ONTARIO

Statement of Operations

Period from August 1, 2020 to April 30, 2021, with comparative information for the period from May 1, 2020 to July 31, 2020 and for the year ended April 30, 2020

| | August 1, 2020 to April 30, 2021 | May 1, 2020 to July 31, 2020 (combined) | Year ended April 30, 2020 (combined) |
|--|--|--|---|
| Revenue: | | | |
| Fees - participant/junior team | \$ 379,127 | \$ - | \$ 129,797 |
| Grants | 247,497 | - | 119,414 |
| Governments Grants (note 11) | 169,124 | - | - |
| Hockey Canada and Pillar funding | 145,946 | - | 49,393 |
| Programs (Schedule 2) | 62,426 | 5,552 | 434,553 |
| Investment income (loss) | 31,315 | 13,590 | (9,125) |
| Transfer and appeals (Schedule 1) | 22,800 | 250 | 29,380 |
| Hockey Canada assessment (Schedule 1) | 21,453 | - | 97,149 |
| Amortization of deferred capital contributions | 16,643 | 5,548 | 22,191 |
| Miscellaneous | 5,636 | - | 2,361 |
| Awards and bursaries | 1,500 | - | 250 |
| Annual general meeting | 1,000 | - | 1,000 |
| Marketing, sponsorship and promotion (recovery) | 290 | (240) | 25,230 |
| HEO Minor revenue (Schedule 3) | - | 28,285 | 1,506,076 |
| | 1,104,757 | 52,985 | 2,407,669 |
| Expenses: | | | |
| Salaries and benefits | 253,241 | 60,683 | 325,296 |
| Building occupancy | 63,434 | 21,112 | 98,978 |
| Programs (Schedule 2) | 51,806 | 13,004 | 311,809 |
| Technology | 30,091 | 13,215 | 133,232 |
| Professional fees | 39,149 | 41,569 | 59,496 |
| Amortization of capital assets | 30,167 | 10,389 | 46,215 |
| Grants | 24,267 | 3,275 | 45,858 |
| Hockey Canada assessment (Schedule 1) | 21,678 | - | 99,410 |
| Transfers and appeals (Schedule 1) | 20,965 | - | 26,902 |
| Office supplies and equipment | 20,710 | 5,904 | 33,238 |
| Marketing, sponsorship and promotion | 13,380 | - | 61,836 |
| Honorarium | 12,827 | - | 40,595 |
| Credit card, bank and interest | 6,317 | 846 | 4,774 |
| Committees, travel and meetings | 5,653 | 6,163 | 127,227 |
| Clinic resource materials | 1,243 | - | 896 |
| Awards and bursaries | - | 7,500 | 5,500 |
| HEO Minor expenses (Schedule 3) | - | - | 900,928 |
| Annual general meeting | - | - | 6,172 |
| Miscellaneous | (1,520) | 5,517 | 2,615 |
| | 593,408 | 189,177 | 2,330,977 |
| Excess of revenue over expenses (expenses over revenue) | \$ 511,349 | \$ (136,192) | \$ 76,692 |

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Statement of Changes in Net Assets

Period from August 1, 2020 to April 30, 2021, with comparative information for the period from May 1, 2020 to July 31, 2020 and for the year ended April 30, 2020

| | Internally Restricted (note 8) | Invested in capital assets | Unrestricted | August 1, 2020 to April 1, 2021 Total | May 1, 2020 to July 31, 2020 Total (combined) |
|---|--------------------------------------|----------------------------------|---------------------|---|--|
| Net assets, beginning of period | \$ 451,736 | \$ 49,155 | \$ 649,625 | \$ 1,150,516 | \$ 1,286,636 |
| Excess of revenue over expenses (expenses over revenue) | – | – | 511,349 | 511,349 | (136,192) |
| Internally imposed restrictions (note 8) | 5,830 | – | (5,830) | – | – |
| Amortization of deferred capital contributions | – | 16,643 | (16,643) | – | – |
| Amortization of capital assets | – | (30,167) | 30,167 | – | – |
| Capital assets additions | – | 9,915 | (9,915) | – | – |
| Interest earned | – | – | – | – | 72 |
| Net assets, end of period | \$ 457,566 | \$ 45,546 | \$ 1,158,753 | \$ 1,661,865 | \$ 1,150,516 |

| | Internally Restricted (note 8) | Invested in capital assets | Unrestricted | May 1, 2020 to July 31, 2020 Total (combined) | Year ended April 30, 2020 Total (combined) |
|---|--------------------------------------|----------------------------------|-------------------|--|---|
| Net assets, beginning of period | \$ 447,644 | \$ 53,844 | \$ 785,148 | \$ 1,286,636 | \$ 1,209,240 |
| Excess of revenue over expenses (expenses over revenue) | 4,020 | – | (140,212) | (136,192) | 76,692 |
| Internally imposed restrictions (note 8) | – | – | – | – | – |
| Amortization of deferred capital contributions | – | 5,548 | (5,548) | – | – |
| Amortization of capital assets | – | (10,237) | 10,237 | – | – |
| Interest earned | 72 | – | – | 72 | 704 |
| Net assets, end of period | \$ 451,736 | \$ 49,155 | \$ 649,625 | \$ 1,150,516 | \$ 1,286,636 |

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Statement of Cash Flows

Period from August 1, 2020 to April 30, 2021, with comparative information for the period from May 1, 2020 to July 31, 2020 and for the year ended April 30, 2020

| | August 1, 2020 to April 30, 2021 | May 1, 2020 to July 31, 2020 (combined) | Year ended April 30, 2020 (combined) |
|---|--|--|---|
| Cash provided by (used in): | | | |
| Operating activities: | | | |
| Excess of revenue over expenses | \$ 511,349 | \$ (136,192) | \$ 76,692 |
| Items not involving cash: | | | |
| Decrease (increase) in unrealized gain on investments | (28,407) | (9,405) | 24,091 |
| Amortization of capital assets | 30,167 | 10,389 | 46,215 |
| Amortization of deferred capital contributions | (16,643) | (5,548) | (22,191) |
| Disposal of capital assets | 1,197 | – | – |
| Changes in non-cash operating working capital: | | | |
| Decrease (increase) in accounts receivable | (292,674) | 54,938 | 39,958 |
| Decrease (increase) in prepaid expenses | (12,962) | 22,150 | 36,200 |
| Increase (decrease) in accounts payable and accrued liabilities | 3,196 | 3,278 | (651) |
| Increase (decrease) in deferred revenue | 70,751 | (5,552) | (89,001) |
| | 265,974 | (65,942) | 111,313 |
| Investing activities: | | | |
| Net change in investments | (1,945) | (4,066) | 88,857 |
| Interest earned | – | 72 | 704 |
| Purchase of capital assets | (9,915) | – | (5,155) |
| | (11,860) | (3,994) | 84,406 |
| Increase (decrease) in cash | 254,114 | (69,936) | 195,719 |
| Cash, beginning of year | 451,838 | 521,774 | 326,055 |
| Cash, end of year | \$ 705,952 | \$ 451,838 | \$ 521,774 |

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements

Period from August 1, 2020 to April 30, 2021

Hockey Eastern Ontario (the "Entity") was incorporated without share capital December 7, 1983 in the province of Ontario. The objectives of the Entity are to:

- Promote and improve the sport of Amateur Hockey within the territory under its control;
- To secure the enforcement of the rules of the game as adopted;
- To conduct elimination competition for the different Entity Champions as well as Challengers for InterBranch and Canadian Championships; and
- To adjudicate on all questions arising from and pertaining to Amateur Hockey within this Branch of Hockey Canada.

Effective August 1, 2020, the Entity was merged with The Ottawa and District Minor Hockey Association ("HEO Minor"). The operations of the merged entities have been continued under the name Hockey Eastern Ontario. The comparative information has been combined and includes the assets, liabilities and results of operations of the predecessor entities.

The principal components of each entity prior to the merger are summarized as follows:

Statement of Financial Position

| | HEO July 31, 2020 | HEO Minor July 31, 2020 |
|----------------------------------|----------------------|----------------------------|
| Total assets | \$ 947,712 | \$ 397,309 |
| Total liabilities | \$ 156,565 | \$ 37,940 |
| Internally restricted net assets | 50,000 | 359,369 |
| Invested in capital assets | 49,155 | – |
| Unrestricted net assets | 691,992 | – |
| | \$ 947,712 | \$ 397,309 |

Statement of Operations

| | HEO Period ended July 31, 2020 | HEO Minor Period ended July 31, 2020 |
|--|--------------------------------------|--|
| Total revenue | \$ 24,691 | \$ 28,294 |
| Total expenses | 164,903 | 24,274 |
| Excess of revenue over expenses (expenses over revenue) | \$ (140,212) | \$ 4,020 |

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Period from August 1, 2020 to April 30, 2021

The principal components of the comparative period's statement of financial position and statement of operation for each entity are as follows:

Statement of Financial Position

| | HEO July 31, 2020 | HEO April 30, 2020 | HEO Minor July 31, 2020 | HEO Minor April 30, 2020 |
|----------------------------------|----------------------|-----------------------|----------------------------|-----------------------------|
| Total assets | \$ 947,712 | \$ 1,096,424 | \$ 397,309 | \$ 392,539 |
| Total liabilities | \$ 156,565 | \$ 165,065 | \$ 37,940 | \$ 37,262 |
| Internally restricted net assets | 50,000 | 50,000 | 359,369 | 355,277 |
| Invested in capital assets | 49,155 | 53,844 | – | – |
| Unrestricted net assets | 691,992 | 827,515 | – | – |
| | \$ 947,712 | \$ 1,096,424 | \$ 397,309 | \$ 392,539 |

Statement of Operations

| | HEO May 1, 2020 to July 31, 2020 | HEO Year ended April 30, 2020 | HEO Minor May 1, 2020 to July 31, 2020 | HEO Minor Year ended April 30, 2020 |
|--|--|-------------------------------------|--|---|
| Total revenue | \$ 24,691 | \$ 1,364,728 | \$ 28,294 | \$ 1,507,888 |
| Total expenses | 164,903 | 1,246,017 | 24,274 | 1,549,907 |
| Excess of revenue over expenses (expenses over revenue) | \$ (140,212) | \$ 118,711 | \$ 4,020 | \$ (42,019) |

Revenue and expense included in the Statement of Operations between the entities have been eliminated in the comparative period of the financial statements.

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. The Entity has not elected to carry any such financial 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.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Period from August 1, 2020 to April 30, 2021

1. Significant accounting policies (continued):

(a) Financial instruments (continued):

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.

(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.

(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 collectability 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)

Period from August 1, 2020 to April 30, 2021

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) Government assistance:

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

(g) 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.

2. Accounts receivable:

| | 2021 | 2020 (combined) |
|----------------------|-------------------|--------------------|
| Accounts receivable | \$ 369,198 | \$ 143,071 |
| Sales tax receivable | 21,458 | 9,849 |
| | <u>\$ 390,656</u> | <u>\$ 152,920</u> |

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Period from August 1, 2020 to April 30, 2021

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:

| | Fair Value | 2021 Cost | Fair Value (combined) | 2020 Cost (combined) |
|---------------------------|------------|--------------|--------------------------|----------------------------|
| Cash and cash equivalents | \$ 220,494 | \$ 220,494 | \$ 220,185 | \$ 220,185 |
| Fixed income | 195,876 | 192,115 | 221,899 | 218,440 |
| Preferred shares | 50,332 | 45,779 | 32,634 | 41,374 |
| Common shares | 195,803 | 152,382 | 140,055 | 123,061 |
| Mutual Funds | 3,505 | 3,505 | 7,815 | 7,815 |
| Foreign Securities | 15,687 | 15,222 | 15,286 | 15,222 |
| | 681,697 | 629,497 | 637,874 | 626,097 |
| Short-term investments | 255,774 | 253,139 | 409,017 | 401,098 |
| Long-term investments | \$ 425,923 | \$ 376,358 | \$ 228,857 | \$ 224,999 |

4. Capital assets:

| | | 2021 | 2020 (combined) | |
|------------------------|------------|-----------------------------|--------------------|-------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Furniture and fixtures | \$ 115,843 | \$ 97,517 | \$ 18,326 | \$ 23,115 |
| Computers | 67,426 | 55,889 | 11,537 | 10,111 |
| Leasehold improvements | 284,750 | 192,206 | 92,544 | 121,019 |
| | \$ 468,019 | \$ 345,612 | \$ 122,407 | \$ 154,245 |

Cost and accumulated amortization at April 30, 2020 amounted to \$490,084 and \$335,839, respectively.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Period from August 1, 2020 to April 30, 2021

5. Accounts payable and accrued liabilities:

- (a) Hockey Eastern Ontario collects fees and insurance premiums 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.

| | 2021 Junior | 2021 Minor |
|---|----------------|---------------|
| Hockey Canada fees and insurance premiums | | |
| Participation | \$ 1.05 | \$ 0.90 |
| Insurance: | | |
| AD&D + PST | 3.61 | 3.09 |
| MMD + PST | 1.40 | 1.20 |
| Liability + PST | 8.16 | 6.99 |
| D&O + PST | 1.40 | 1.20 |
| | \$ 15.62 | \$ 13.38 |

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.

| Hockey Eastern Ontario fees | 2021 |
|-----------------------------|----------|
| Participation | \$ 11.70 |
| Mentorship | 0.00 |
| Risk management | 0.00 |
| | \$ 11.70 |

- (b) Included in accounts payable and accrued liabilities are government remittances payable of \$587 (2020 (combined) - \$2,955) related to payroll and source deductions.

6. Deferred revenue:

| | 2021 | 2020 (combined) |
|---------------------|------------|--------------------|
| Mentorship program | \$ 13,389 | \$ 13,940 |
| Initiation program | 26,545 | 26,545 |
| HDCO | 30,144 | — |
| Ontario Sport Grant | 36,106 | — |
| Other | — | 500 |
| | \$ 106,184 | \$ 40,985 |

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Period from August 1, 2020 to April 30, 2021

7. Deferred capital contributions:

| | 2021 | 2020 (combined) |
|--|-----------|--------------------|
| Balance, beginning of year | \$ 99,052 | \$ 121,243 |
| Amortization of deferred capital contributions | (22,191) | (22,191) |
| Balance, end of year | \$ 76,861 | \$ 99,052 |

8. Internally restricted net assets:

| | Balance, July 31, 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 |

| | Balance, April 30, 2020 | Restricted in period | Used in period | Balance, July 31, 2020 |
|------------------|----------------------------|-------------------------|-------------------|---------------------------|
| Anniversary Fund | \$ 50,000 | \$ – | \$ – | \$ 50,000 |
| Operating Fund | 292,036 | 4,020 | – | 296,056 |
| Legacy Fund | 105,608 | 72 | – | 105,680 |
| | \$ 447,644 | \$ 4,092 | \$ – | \$ 451,736 |

The Board of Directors of the Entity has approved the internal restriction of net assets to cover the future costs of Hockey Eastern Ontario's 100th anniversary celebration which is to be held in December 2021.

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.

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

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Period from August 1, 2020 to April 30, 2021

9. Commitments:

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

| | | |
|------|----|---------|
| 2022 | \$ | 59,603 |
| 2023 | | 55,106 |
| 2024 | | 13,068 |
| | \$ | 127,777 |

10. 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 2020 other than those disclosed in note 11.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Period from August 1, 2020 to April 30, 2021

11. Impact of COVID-19:

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant financial, market and societal impacts.

Management has been forthright in undertaking certain strategies and actions to respond to the COVID-19 outbreak. Management has taken the following actions:

- implemented work-from-home requirements for certain employees, revised the delivery of services and, the closure of its administrative offices in line with provincial guidelines.
- the Entity sought access to available Government support such as the Canadian Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS).

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

The Entity continues to respond to the pandemic and plans for continued operational and financial impacts during the next fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues that compromise its ongoing operations. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its effect on future operations at this time.

12. Comparative information:

Certain comparative information has been reclassified to conform with the presentation in the current year.

HOCKEY EASTERN ONTARIO

Schedule 1 - Hockey Canada

Period from August 1, 2020 to April 30, 2021, with comparative information for the period from May 1, 2020 to July 31, 2020 and for the year ended April 30, 2020

| | August 1, 2020 to April 30, 2021 | May 1, 2020 to July 31, 2020 (combined) | Year ended April 30, 2020 (combined) |
|----------------------------------|--|--|---|
| Hockey Canada revenue: | | | |
| Assessment | \$ 21,453 | \$ – | \$ 97,149 |
| Inter-branch player transfer fee | 22,800 | 250 | 29,380 |
| | \$ 44,253 | \$ 250 | \$ 126,529 |
| Hockey Canada expenses: | | | |
| Assessment | \$ 21,678 | \$ – | \$ 99,410 |
| Inter-branch player transfer fee | 20,965 | – | 26,902 |
| | \$ 42,643 | \$ – | \$ 126,312 |

HOCKEY EASTERN ONTARIO

Schedule 2 - Programs

Period from August 1, 2020 to April 30, 2021, with comparative information for the period from May 1, 2020 to July 31, 2020 and for the year ended April 30, 2020

| | August 1, 2020 to April 30, 2021 | May 1, 2020 to July 31, 2020 (combined) | Year ended April 30, 2020 (combined) |
|--------------------------|--|--|---|
| Program revenue: | | | |
| Clinics | \$ 67,426 | \$ - | \$ 314,518 |
| Mentorship | (5,000) | 5,552 | 72,047 |
| IP | - | - | 22,000 |
| POE | - | - | 25,988 |
| | \$ 62,426 | \$ 5,552 | \$ 434,553 |
| Program expenses: | | | |
| Clinics | \$ 15,083 | \$ 6,891 | \$ 84,226 |
| Mentorship | - | 5,552 | 70,804 |
| IP | 21,000 | - | 22,000 |
| POE | - | - | 49,092 |
| Championships | 5,820 | - | 16,855 |
| Education | 810 | - | 30,296 |
| Officiating | 10 | - | 7,021 |
| Clinic instructors | 1,820 | - | 13,396 |
| Recruitment | 4,623 | - | 15,901 |
| Coaching | 2,640 | 561 | 2,218 |
| | \$ 51,806 | \$ 13,004 | \$ 311,809 |

HOCKEY EASTERN ONTARIO

Schedule 3 - Hockey Eastern Ontario Minor

Period from August 1, 2020 to April 30, 2021, with comparative information for the period from May 1, 2020 to July 31, 2020 and for the year ended April 30, 2020

| | August 1, 2020 to April 30, 2021 | May 1, 2020 to July 31, 2020 | Year ended April 30, 2020 |
|--|--|------------------------------------|---------------------------------|
| Revenue: | | | |
| Discipline and appeals | \$ – | \$ – | \$ 4,075 |
| Development funds | – | 21,145 | 38,193 |
| Tournament sanctions | – | 7,140 | 75,820 |
| Hockey Development Centre for Ontario | – | – | 31,180 |
| Participant and insurance registration | – | – | 1,323,608 |
| Referee development program | – | – | 27,200 |
| Rep B branch championship fee | – | – | 6,000 |
| | – | 28,285 | 1,506,076 |
| Expenses: | | | |
| Participant and assessment fees | – | – | 764,191 |
| Referee development program | – | – | 70,904 |
| Investment distribution | – | – | 52,618 |
| Mentorship – referee supervisions | – | – | 9,800 |
| Rep B branch championship | – | – | 3,415 |
| | – | – | 900,928 |
| Excess of revenue over expenses | \$ – | \$ 28,285 | \$ 605,148 |