

Financial Statements of

HOCKEY EASTERN ONTARIO

And Independent Auditor's Report thereon

Year ended April 30, 2024



KPMG LLP

750 Palladium Drive, Suite 101
Kanata, ON K2V 1C7
Canada
Telephone 613 212 5764
Fax 613 591 7607

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, 2024
- 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, 2024 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 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 ; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the financial statements in the circumstances 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

September 25, 2024

HOCKEY EASTERN ONTARIO

Statement of Financial Position

April 30, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 108,935	\$ 168,535
Accounts receivable (note 2)	610,428	853,282
Short-term investments (note 3)	205,713	470,179
Prepaid expenses	64,249	31,590
	<u>989,325</u>	<u>1,523,586</u>
Long-term investments (note 3)	743,776	424,737
Capital assets (note 4)	12,711	46,523
	<u>\$ 1,745,812</u>	<u>\$ 1,994,846</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 40,751	\$ 69,959
Deferred revenue (note 6)	38,405	33,852
	<u>79,156</u>	<u>103,811</u>
Deferred capital contributions (note 7)	10,288	32,479
Net assets:		
Internally restricted (note 8)	200,000	416,665
Invested in capital assets	2,423	14,044
Unrestricted	1,453,945	1,427,847
	<u>1,656,368</u>	<u>1,858,556</u>
Commitments (note 10)		
	<u>\$ 1,745,812</u>	<u>\$ 1,994,846</u>

See accompanying notes to financial statements.

On behalf of the Board:

HOCKEY EASTERN ONTARIO

Statement of Operations

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Fees - participant/junior team	\$ 443,345	\$ 455,236
Programs (Schedule 2)	343,660	468,441
Transfer and appeals (Schedule 1)	115,557	106,968
Hockey Canada and pillar funding	80,674	47,669
Hockey Canada assessment (Schedule 1)	80,187	78
Grants	70,313	113,698
Investment income	55,381	15,465
Marketing, sponsorship and promotion	39,971	55,539
Amortization of deferred capital contributions	22,191	22,191
Miscellaneous	14,337	-
Awards and bursaries	4,250	2,250
Annual general meeting	1,000	-
Schools - Hockey Canada	-	7,500
Governments grants (note 9)	-	85
	1,270,866	1,295,120
Expenses:		
Programs (Schedule 2)	494,490	367,870
Salaries and benefits	375,870	317,765
Building occupancy	121,472	112,668
Hockey Canada assessment (Schedule 1)	88,551	-
Technology	86,561	55,677
Marketing, sponsorship and promotion	71,881	75,718
Professional fees	55,372	82,571
Office supplies and equipment	37,446	25,175
Amortization of capital assets	33,812	36,134
Transfers and appeals (Schedule 1)	32,872	22,263
Committees, travel and meetings	31,112	25,132
Miscellaneous	14,903	27,541
Honorariums	14,147	16,357
Awards and bursaries	10,000	9,500
Annual general meeting	3,420	17,068
Instructor's fees and travel	2,051	1,391
Clinic resource materials	200	6,801
Grants	-	40,315
Credit card, bank and interest	(1,106)	(571)
	1,473,054	1,239,375
Excess of revenue over expenses (expense over revenue)	\$ (202,188)	\$ 55,745

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Statement of Changes in Net Assets

Year ended April 30, 2024, with comparative information for 2023

	Internally restricted	Invested in capital assets	Unrestricted	Total 2024	Total 2023
Net assets, beginning of year	\$ 416,665	\$ 14,044	\$ 1,427,847	\$ 1,858,556	\$ 1,802,811
Excess of revenue over expenses	-	-	(202,188)	(202,188)	55,745
Amortization of deferred capital contributions	-	22,191	(22,191)	-	-
Amortization of capital assets	-	(33,812)	33,812	-	-
Transfers	(216,665)	-	216,665	-	-
Net assets, end of year	\$ 200,000	\$ 2,423	\$ 1,453,945	\$ 1,656,368	\$ 1,858,556

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Statement of Cash Flows

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses (expense over revenue)\$	(202,188)	\$ 55,745
Items not involving cash:		
Decrease (increase) in unrealized gain on short-term investments	(46,102)	(18,539)
Amortization of capital assets	33,812	36,134
Amortization of deferred capital contributions	(22,191)	(22,191)
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	242,854	(478,701)
Increase in prepaid expenses	(32,659)	(5,300)
Decrease in accounts payable and accrued liabilities	(29,208)	(20,268)
Decrease in deferred revenue	4,553	(29,923)
	(51,129)	(483,043)
Investing activities:		
Purchase of investments	(8,471)	(197,523)
	(8,471)	(197,523)
Decrease in cash	(59,600)	(680,566)
Cash, beginning of year	168,535	849,101
Cash, end of year	\$ 108,935	\$ 168,535

See accompanying notes to financial statements.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements

Year ended April 30, 2024

Hockey Eastern Ontario (the "Entity") was incorporated without share capital under section 149(1)(i) of the income tax act on 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, 2024

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, 2024

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:

	2024	2023
Accounts receivable	\$ 424,030	\$ 737,120
Sales tax receivable	186,398	116,162
	<u>\$ 610,428</u>	<u>\$ 853,282</u>

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2024

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:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 1,229	\$ 1,229	\$ 430,076	\$ 430,076
Fixed income	436,275	426,634	155,592	155,210
Preferred shares	-	-	17,980	19,307
Common shares	421,356	352,764	230,347	195,858
Mutual funds	90,629	88,230	60,921	58,747
	949,489	868,857	894,916	859,198
Short-term investments	205,713	199,387	470,179	469,277
Long-term investments	\$ 743,776	\$ 669,470	\$ 424,737	\$ 389,921

4. Capital assets:

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 115,843	\$ 110,252	\$ 5,591	\$ 9,001
Computers	67,426	67,426	-	1,928
Leasehold improvements	284,750	277,630	7,120	35,594
	\$ 468,019	\$ 455,308	\$ 12,711	\$ 46,523

Cost and accumulated amortization at April 30, 2023 amounted to \$468,019 and \$421,496, respectively.

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2024

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.

	2024	2023
Insurance:		
Accidental Death & Dismemberment Insurance plus PST	\$ 4.62	\$ 5.56
Major Medical/Dental Insurance plus PST	2.15	2.16
Liability plus PST	11.58	12.58
Directors and Officers Liability Insurance plus PST	5.44	2.16
	\$ 23.79	22.46

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.

	2024	2023
Participation	\$ 13.50	10.70
	\$ 13.50	\$ 10.70

- (b) Included in accounts payable and accrued liabilities are government remittances payable of \$587 (2023 - \$587).

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2024

6. Deferred revenue:

	2024	2023
Mentorship program	\$ 2,420	\$ 9,420
Player deposits	2,958	7,457
Initiation program	4,545	4,545
POE participants	19,485	12,430
Cross border challenge Sponsorship	4,749	-
Bursaries	650	-
Skills participants	3,598	-
	<u>\$ 38,405</u>	<u>\$ 33,852</u>

7. Deferred capital contributions:

	2024	2023
Balance, beginning of year	\$ 32,479	\$ 54,670
Amortization of deferred capital contributions	(22,191)	(22,191)
Balance, end of year	<u>\$ 10,288</u>	<u>\$ 32,479</u>

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2024

8. Internally restricted net assets:

	Balance, April 30, 2023	Restricted in period	Transferred in period	Balance, April 30, 2024
Anniversary Fund	\$ 9,099	\$ -	\$ (9,099)	\$ -
Operating Fund	296,056	-	(296,056)	-
Legacy Fund	111,510	-	(111,510)	-
Reserve Fund	-	-	200,000	200,000
	<u>\$ 416,665</u>	<u>\$ -</u>	<u>\$ (216,665)</u>	<u>\$ 200,000</u>

	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
	<u>\$ 457,566</u>	<u>\$ -</u>	<u>\$ (40,901)</u>	<u>\$ 416,665</u>

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 2024. At April 30, 2024, a total of \$Nil (2023 - \$9,099) has been restricted for this purpose as the celebration is complete and excess funds have been transferred to the unrestricted fund.

During the year, the Board approved the transfer of the legacy funds to the unrestricted fund in the amount of \$111,510 and the transfer of the operating funds to the unrestricted fund in the amount of \$96,056 and the newly established reserve fund in the amount of \$200,000.

The Reserve Fund has been established by the Board of Directors for uninsured or underinsured claims and/or losses and such other uses as provided for in the reserve fund policy.

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 \$Nil (2023 - \$85) and the Canadian Emergency Rent Subsidy program of \$Nil (2023 - \$Nil).

HOCKEY EASTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2024

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:

2025	\$	29,800
2026		29,800
2027		11,050
2028		4,800
2029 and thereafter		1,200
	\$	76,650

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 2023.

HOCKEY EASTERN ONTARIO

Schedule 1 - Hockey Canada

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Hockey Canada revenue:		
Assessment	\$ 80,187	\$ 78
Inter-branch transfer fee	115,557	106,968
	<u>\$ 195,744</u>	<u>\$ 107,046</u>
Hockey Canada expenses:		
Assessment	\$ 88,551	\$ -
Inter-branch transfer fee	\$ 22,263	\$ 22,263
	<u>\$ 110,814</u>	<u>\$ 22,263</u>

HOCKEY EASTERN ONTARIO

Schedule 2 - Programs

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Program revenue:		
Clinics	\$ 260,271	\$ 291,747
Mentorship	17,500	-
IP	9,689	-
POE	29,425	31,000
Champions/Tournaments	-	135,694
High performance	26,775	10,000
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	\$ 343,660	\$ 468,441
Program expenses:		
Clinics	\$ 89,344	\$ 58,609
Mentorship	61,251	64,682
IP	31,685	13,900
POE	77,129	53,112
Championships	32,937	112,936
Education	104,248	442
Officiating	26,669	17,168
Clinic instructors	21,975	12,946
Recruitment	19,825	6,847
Coaching	29,427	17,228
High performance	-	10,000
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	\$ 494,490	\$ 367,870