

**BRAMPTON HOCKEY INC.**  
**FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2020**

## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

### **TO THE MEMBERS OF BRAMPTON HOCKEY INC.**

I have reviewed the accompanying financial statements of Brampton Hockey Inc. that comprise the statement of financial position as at April 30, 2020, and the statements of operations and changes in net assets and of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

#### **Practitioner's Responsibility**

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Brampton Hockey Inc. as at April 30, 2020, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario  
April 9, 2021



CHARTERED ACCOUNTANT  
LICENSED PUBLIC ACCOUNTANT

**BRAMPTON HOCKEY INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT APRIL 30, 2020**  
(unaudited)

	2020		
	CAPITAL ASSETS	UNRESTRICTED	RESTRICTED
			TOTAL
			2019
			TOTAL
<b>Current Assets</b>			
Cash - Note 3	\$ -	\$ 186,258	\$ 30,993
Short term investments - Note 2c	-	507,650	-
Accounts receivable - Note 2a	-	879	-
Interfund receivable	-	64,027	1,809
Prepaid expenses	-	7,270	-
		766,084	32,802
		-	798,886
	18,452	-	-
		-	18,452
<b>Tangible Capital Assets - Notes 1(c), 4</b>			
	\$ 18,452	\$ 766,084	\$ 32,802
			\$ 817,338
			\$ 718,041

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ -	\$ 378,366	\$ -
Deferred revenue	-	-	-
Interfund payable	65,836	-	65,836
	65,836	378,366	444,202
<b>Non-current Liabilities</b>			
Government loan payable - CEBA - Note 5	-	40,000	-
		40,000	40,000
<b>Total Liabilities</b>			
	65,836	418,366	-
		-	484,202
<b>Net Assets</b>			
Fund Balance (Deficit)	(47,384)	347,718	32,802
			333,136
	\$ 18,452	\$ 766,084	\$ 32,802
			\$ 817,338
			\$ 718,041

APPROVED BY THE BOARD

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

The accompanying notes form an integral part of these financial statements. See Review Engagement Report dated April 9, 2021.

**BRAMPTON HOCKEY INC.**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED APRIL 30, 2020**  
(unaudited)

	2020			2019
	CAPITAL ASSETS	UNRESTRICTED	RESTRICTED	TOTAL
<b>Revenues</b>				
Apparel program	\$ -	\$ 11,185	\$ -	\$ 11,185
Bingo	-	-	66,817	66,817
Clinics	-	12,148	-	12,148
Ice rentals	-	3,920	-	3,920
Interest income	-	12,922	-	12,922
Miscellaneous	-	42,658	-	42,658
Player surcharge	-	817,300	-	817,300
Registration	-	912,440	-	912,440
Sponsorship	-	23,050	-	23,050
Tournaments	-	62,166	-	62,166
Tryouts	-	67,490	-	67,490
Wage subsidies (CEWS)	-	3,535	-	3,535
		<u>1,968,814</u>	<u>66,817</u>	<u>2,035,631</u>
				<u>2,260,554</u>
				\$ -
<b>Expenditures</b>				
Amortization	19,465	-	-	19,465
Bank charges and interest	-	30,530	36	30,566
General and administrative	-	157,207	-	157,207
Ice rental	-	883,781	62,000	945,781
Insurance	-	81,464	-	81,464
Occupancy - rent	-	42,968	-	42,968
- other	-	2,624	-	2,624
Referees, instructors and schedulers	-	257,680	-	257,680
Salaries and wages	-	360,718	-	360,718
Sweaters and uniforms	-	158,296	-	158,296
Trophies	-	2,614	-	2,614
	<u>19,465</u>	<u>1,977,882</u>	<u>62,036</u>	<u>2,059,383</u>
				<u>2,281,965</u>
				6,148
<b>Excess of Revenues over Expenditures</b>				(21,411)
<b>(Expenditures over Revenues)</b>	(19,465)	(9,068)	4,781	(23,752)
<b>Fund Balance (Deficit), beginning of year</b>	(27,919)	356,786	28,021	356,888
<b>Fund Balance (Deficit), end of year</b>	<u>\$ (47,384)</u>	<u>\$ 347,718</u>	<u>\$ 32,802</u>	<u>\$ 333,136</u>
				<u>\$ 356,888</u>

The accompanying notes form an integral part of these financial statements. See Review Engagement Report dated April 9, 2021.

**BRAMPTON HOCKEY INC.**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED APRIL 30, 2020**  
(unaudited)

	<u>2020</u>	<u>2019</u>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating Activities</b>		
(Deficiency) of Revenues over Expenditures	\$ (23,752)	\$ (21,411)
Add : Items not requiring the use of cash:		
Amortization - tangible assets	<u>19,465</u>	<u>19,465</u>
	<u>(4,287)</u>	<u>(1,946)</u>
<b>Changes in Non-Cash Working Capital Balances from Operations</b>		
Decrease (increase) in accounts receivable	5,167	(309)
Decrease (increase) in prepaid expenses	28,937	(16,209)
Increase (decrease) in accounts payable and accrued liabilities	135,024	(126,092)
(Decrease) increase in deferred revenue	<u>(51,975)</u>	<u>29,775</u>
	<u>117,153</u>	<u>(112,835)</u>
<b>Investing Activities</b>		
Purchase of tangible capital assets	<u>-</u>	<u>(42,920)</u>
<b>Financing Activities</b>		
Government loan taken - CEBA	<u>40,000</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Equivalents During Year</b>	152,866	(157,701)
<b>Cash and equivalents, beginning of year</b>	<u>572,035</u>	<u>729,736</u>
<b>Cash and equivalents, end of year</b>	<u>\$ 724,901</u>	<u>\$ 572,035</u>
<b>Cash and equivalents consist of:</b>		
Cash	\$ 217,251	\$ 240,756
Short term investments	<u>507,650</u>	<u>331,279</u>
	<u>\$ 724,901</u>	<u>\$ 572,035</u>

The accompanying notes form an integral part of these financial statements. See Review Engagement Report dated April 9, 2021.

**BRAMPTON HOCKEY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2020**  
(unaudited)

Brampton Hockey Inc. is a community based organization that operates hockey and related programs for youths aged five to twenty-one. Brampton Hockey Inc. is incorporated without share capital under the laws of the Province of Ontario, and as a not-for-profit organization is exempt from income taxes.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for non-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

**a) Revenue Recognition**

Brampton Hockey Inc. follows the deferral method of accounting for sponsorship revenue.

Registration fees are recognized as revenue in the period in which the related expenses are incurred. Registration fees received prior to the year to which they relate are deferred.

Unrestricted revenue is recognized when earned, received or receivable if the amount to be received can be reasonably assured.

Other fees are recognized as revenue when the event relating to the fee is held.

**b) Inventory**

Inventory is measured at the lower of cost and net realizable value. Cost is based on the first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business.

**c) Tangible Capital Assets**

Tangible capital assets are recorded at cost. Contributed assets are recorded at fair value at the date of contribution. Tangible capital assets are amortized on the basis of their useful life using the following methods and rates of duration:

Office equipment	5 years straight-line
Player equipment	3 years straight-line

**d) Basis of Accounting**

These financial statements were prepared using the accrual basis of accounting, which recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

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**BRAMPTON HOCKEY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Fund Accounting**

The accounts of Brampton Hockey Inc. are maintained in accordance with the principles of fund accounting and accordingly the resources are classified for accounting and reporting purposes into funds determined by the purpose for which those funds are held. The types of funds held are:

**i) Unrestricted** - This fund includes unrestricted revenue sources received from amounts such as registration fees, player surcharge, sponsorship and donations and interest earned on operating bank accounts and term deposits, together with day-to-day expenditures.

**ii) Restricted** - This fund is for the Bingo Fund. As the Bingo Fund is governed by the Alcohol and Gaming Commission of Ontario, these funds can only be used to cover the cost of ice rentals paid to the City of Brampton.

**iii) Invested in capital assets** - This fund reports the assets related to Brampton Hockey Inc.'s capital assets

**f) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these statements.

**g) Financial Instruments**

*Measurement of financial instruments*

Brampton Hockey Inc. initially measures its financial assets and financial liabilities at fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash, short-term investments, accounts receivable, interfund receivable and prepaid expenses. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, deferred revenue, interfund payable and government loan payable.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of a write-down is to be recognized in net income. Any previously recognized impairment loss may be reversed to the extent of the improvement provided it is no greater than the amount that would have been reported had the impairment not been recognized previously. The amount of a reversal is to be recognized in excess of revenues over expenditures.

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**BRAMPTON HOCKEY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h) Impairment of long-lived assets**

Tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is to be recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. An impairment loss is to be measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**2. FINANCIAL INSTRUMENTS**

Brampton Hockey Inc. is exposed to various risks through its financial instruments. The following analysis presents the entity's exposure to significant risk at the reporting date, April 30, 2020.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Brampton Hockey Inc. is exposed to credit risk with respect to short-term investments and accounts receivable. The entity assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The credit risk with respect to short-term investments is insignificant as they are held in large financial institutions.

As at April 30, 2020, Brampton Hockey Inc. had accounts receivable of \$879 (2019 - \$6,046), net of an allowance for doubtful accounts of \$0 (2019 - \$0), which adequately reflects the entity's credit risk.

**b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Brampton Hockey Inc. is exposed to liquidity rate risk mainly in respect of its accounts payable and accrued liabilities.

**c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Brampton Hockey Inc. is exposed to interest rate risk on its fixed rate short-term investments. Fixed-interest instruments subject the enterprise to a fair value risk. As at April 30, 2020, the entity had short-term investments consisting of three GIC's totaling \$507,650. These GIC's had interest rates ranging from 1.50% to 2.20% (weighted average rate of 1.92%), and maturity dates ranging from July 10, 2020 to September 20, 2020.

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**3. RESTRICTED CASH**

Bingo funds of \$30,993 (2019 - \$79,166) are only available for payment of ice expenditures due to restrictions under the Alcohol and Gaming Commissions Act of Ontario.

**4. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2020</u>	<u>Net Book Value 2019</u>
Office equipment	\$ 219,964	\$ 205,195	\$ 14,769	\$ 24,665
Computer equipment	<u>110,614</u>	<u>106,931</u>	<u>3,683</u>	<u>13,252</u>
	<u>\$ 330,578</u>	<u>\$ 312,126</u>	<u>\$ 18,452</u>	<u>\$ 37,917</u>

**5. GOVERNMENT LOAN PAYABLE - CEBA**

Brampton Hockey Inc. applied for and received the \$40,000 CEBA loan in the 2020 fiscal year. The loan was provided by the Government of Canada to provide capital to organizations to help them cope with the economic hardships of the pandemic.

The loan is unsecured. It is an interest-free loan through December 31, 2022. If \$30,000 of the loan is re-paid by December 31, 2022, then the remaining \$10,000 will be forgiven. If the loan is not re-paid by December 31, 2022, then the full \$40,000 loan will be converted to a loan that is repayable over three years with a 5% interest rate.

**6. LEASE OBLIGATION**

Brampton Hockey Inc. has a lease to rent property from the City of Brampton which ends April 30, 2023. The minimum rent payments are broken down by fiscal year as follows:

<u>Fiscal year</u>	<u>Amount due</u>
2021	\$ 28,351
2022	38,929
2023	<u>29,487</u>
	<u>\$ 96,767</u>

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**7. CONTRIBUTED SERVICES**

Volunteers contribute a significant number of hours per year to assist Brampton Hockey Inc. in carrying out its mandate from the Brampton community. Contributed services are not recognized in the financial statements because of the difficulty in estimating the number of hours and their fair value.

**8. FUNDRAISING EVENTS**

The revenue from fundraising events organized by the various teams and related expenses incurred are not reflected in these financial statements since the funds are administered by the teams.

**9. CAPITAL MANAGEMENT**

Brampton Hockey Inc. has decided that it is prudent to maintain at least 15% of expenditures in cash and investments as a reserve against the possibility of a significant shortfall in cash flow. Brampton Hockey Inc. has built up a reserve in excess of 15% of expenditures and intends to attempt to maintain the reserve into the future. Fiscal 2020 called for a reserve fund of \$309,000 to available, which was met and exceeded.

**10. SUBSEQUENT EVENT**

On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. Shortly afterward, the Federal and Ontario Provincial governments began to restrict commerce, travel and gatherings. The pandemic did not have a significant impact on Brampton Hockey Inc.'s statement of operations for the fiscal year ended April 30, 2020, as the hockey season was ending in March 2020, as the local pandemic restrictions were just starting. Since the pandemic did not have too significant of an impact on Brampton Hockey Inc.'s 2019-2020 hockey season or the entity's statement of operations for the year ended April 30, 2020, Brampton Hockey Inc.'s financial position as at April 30, 2020, was not significantly worsened.

The pandemic and related government restrictions are significantly impacting Brampton Hockey Inc.'s operations and finances for the year ending April 30, 2021. Brampton Hockey Inc. is projected to have a deficiency of revenues over expenditures for the year ending April 30, 2021, of approximately \$105,000. This is being covered by the reserve fund.

The minimum reserve fund requirement for the year ending April 30, 2021, (equal to 15% of expenditures) is projected to be approximately \$87,000. This requirement will be met and exceeded, as a reserve fund of roughly \$230,000 is projected to be available.