

BRAMPTON HOCKEY INC.

FINANCIAL STATEMENTS

APRIL 30, 2016



Goldenberg Hemanchal

Chartered Accountants
Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Brampton Hockey Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Brampton Hockey Inc., which comprise the statement of financial position as at April 30, 2016 and the statements of changes in net assets, operations and cash flows 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brampton Hockey Inc. as at April 30, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Brampton, Ontario
October 17, 2016

Goldenberg Hemanchal
Chartered Accountants
Professional Corporation

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

BRAMPTON HOCKEY INC.
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2016

	2016			2015	
	CAPITAL ASSETS	UNRESTRICTED	RESTRICTED	TOTAL	
CURRENT					
Cash (note 3)	-	191,616	40,077	231,693	129,339
Short term investments (note 4)	-	405,467	-	405,467	462,487
Accounts receivable (note 5)	-	11,568	6,259	17,827	12,226
Inventory (note 1)	-	20,878	-	20,878	30,179
Interfund receivable	-	-	1,808	1,808	1,510
Prepaid expenses	-	39,813	-	39,813	36,778
	-	669,342	48,144	717,486	672,519
CAPITAL ASSETS	-	-	-	-	5,826
(note 6)	-	-	-	-	-
	\$ -	\$ 669,342	\$ 48,144	\$ 717,486	\$ 678,345
LIABILITIES					
Accounts payable	-	268,441	-	268,441	302,743
Deferred revenue - registration fees	-	4,650	-	4,650	2,250
Interfund payable	-	1,808	-	1,808	1,510
	-	274,899	-	274,899	306,503
FUND BALANCES					
Balance beginning of Year	5,826	328,487	37,529	371,842	299,360
Excess of revenues over expenditures for year	(5,826)	65,956	10,615	70,745	72,482
Balance, end of year	-	394,443	48,144	442,587	371,842
	\$ -	\$ 669,342	\$ 48,144	\$ 717,486	\$ 678,345
LIABILITIES AND FUND BALANCES					

APPROVED ON BEHALF OF THE BOARD

Director

Director

BRAMPTON HOCKEY INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2016

	2016				2015			
	BUDGET	CAPITAL ASSETS	UNRESTRICTED	RESTRICTED	TOTAL		TOTAL	
REVENUES								
Apparel program	7,500	-	19,252	-	19,252		17,459	
Bingo	29,660	-	-	-	46,610		36,136	
Clinics	64,500	-	51,554	300	51,854		70,156	
Ice rental	-	-	8,919	-	8,919		6,916	
Interest income	8,000	-	8,641	-	97,342		8,549	
Miscellaneous	57,800	-	97,342	-	617,620		61,796	
Player surcharge	655,550	-	617,620	-	617,620		669,350	
Powerskate and goalie school	7,270	-	5,141	-	5,141		6,555	
Registration	1,236,230	-	1,153,813	-	1,153,813		1,209,876	
Sponsorships	35,200	-	43,150	-	43,150		33,300	
Tournaments	54,286	-	69,657	-	69,657		57,715	
	2,155,996	-	2,075,089	46,910	2,121,999		2,177,808	
EXPENDITURES								
Amortization	5,826	5,826	-	-	5,826		5,826	
Bank and credit card charges	37,600	-	37,516	24	37,540		45,376	
General and administrative	197,719	-	183,701	-	183,701		165,704	
Ice rental	1,018,152	-	911,650	36,271	947,921		999,977	
Insurance	108,753	-	101,937	-	101,937		110,426	
Occupancy - other	3,800	-	3,749	-	3,749		3,626	
- rent	37,100	-	36,372	-	36,372		36,953	
Referees and instructors	269,460	-	249,853	-	249,853		267,540	
Salaries and wages	247,667	-	252,761	-	252,761		253,833	
Sweaters and socks	216,528	-	222,606	-	222,606		208,629	
Trophies	13,800	-	8,988	-	8,988		7,436	
	2,156,405	5,826	2,009,133	36,295	2,051,254		2,105,326	
EXCESS REVENUES OVER EXPENDITURES	409 \$	5,826 \$	65,956 \$	10,615 \$	70,745 \$		72,482 \$	

BRAMPTON HOCKEY INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Excess of revenues over expenditures	70,745	72,482
Items not involving an outlay of cash		
- amortization	<u>5,826</u>	<u>5,826</u>
	76,571	78,308
Change in non-cash working capital balances		
- accounts receivable	(5,601)	(5,525)
- inventory	9,301	23,786
- prepaid expenses	(3,035)	(28,625)
- accounts payable	(34,302)	168,895
- deferred revenue - registration fees	<u>2,400</u>	<u>(1,640)</u>
	<u>45,334</u>	<u>235,199</u>
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Short term investments	<u>57,020</u>	<u>(303,104)</u>
INCREASE (DECREASE) IN CASH	102,354	(67,905)
CASH, beginning of year	<u>129,339</u>	<u>197,244</u>
CASH, end of year	\$ <u>231,693</u>	\$ <u>129,339</u>

BRAMPTON HOCKEY INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

1. PURPOSE OF BRAMPTON HOCKEY INC.

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

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

Brampton Hockey Inc. follows the deferral method of accounting for sponsorships. Registration fees are recognized as revenue in the period in which the related expenses are incurred. Registration fees received in advance of 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.

Inventory

Inventory is valued at the lower of cost or replacement value on a first in, first out basis.

Capital Assets

Capital assets are recorded at cost. Contributed assets are recorded at fair value at the date of contribution. For each year end, Brampton Hockey Inc. assesses the residual value of assets and records amortization against its carrying value to reflect the residual value in the accounts. When an asset no longer contributes to the Brampton Hockey Inc.'s ability to provide services, the carrying value is written down to its residual value.

Office equipment

5 years straight-line

Fund Accounting

The accounts of the 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:

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 operating expenditures.

BRAMPTON HOCKEY INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

Restricted - This funds is for the Bingo Fund. As the Bingo fund is governed by the Alcohol and Gaming Commission of Ontario, it has been pre-determined that use of these funds can only be used to cover the cost of ice rentals paid to the City of Brampton.

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

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis 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.

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 reporting period. Actual results could differ from these estimates.

3. CASH

Bingo funds of \$40,077 (2015 - \$32,846) are only available for payment of ice expenditures due to restrictions under the Alcohol and Gaming Commissions Act of Ontario.

4. SHORT TERM INVESTMENTS

	<u>2016</u>	<u>2015</u>
GIC bears interest of 1.00% and matures May 2015.	-	100,509
GIC bears interest of 1.00% and matures May 2015.	-	100,509
GIC bears interest of 1.00% and matures May 2015.	-	100,192
Money Market fund bears a variable rate of interest.	-	161,277
GIC's bears interest of 1.36% and matures August 2016.	305,254	-
GIC bears interest of 0.40% and matures October 2016.	<u>100,213</u>	<u>-</u>
	<u>\$ 405,467</u>	<u>\$ 462,487</u>

BRAMPTON HOCKEY INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

5. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Account receivable	17,827	12,226
Allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 17,827</u>	<u>\$ 12,226</u>

During the year, the Organization recorded bad debts of \$NIL (2015 - \$NIL) that have been included in bad debt expense.

6. CAPITAL ASSETS

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ <u>180,508</u>	\$ <u>180,508</u>	\$ <u>-</u>	\$ <u>5,826</u>

7. LEASE OBLIGATION

Brampton Hockey Inc. is renting premises from the City of Brampton. A lease is in place from June 1, 2013 to May 31, 2018. The minimum rent payments are as follows

Fiscal	2017	29,408
	2018	30,135
	2019	<u>2,516</u>
		<u>\$ 62,059</u>

8. CONTRIBUTED SERVICES

Volunteers contribute a significant number of hours per year to assist the 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.

9. FUNDRAISING EVENTS

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

10. BUDGET FIGURES

The budget figures for 2016, provided for the information only of the members, have not been subject to audit and no opinion is expressed thereon.

BRAMPTON HOCKEY INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

11. CAPITAL MANAGEMENT

The 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 tried to build up a reserve in excess of the 15% of expenditures and intends to attempt to maintain the reserve into the future.

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Organization's cash requirements.

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 the obligation. The Organization is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the Organization has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. At April 30, 2016 the allowance for doubtful accounts was \$NIL (2015 - \$NIL).

Market Risk

Market risk is the risk that future cash flows will fluctuate because of changes in market prices. The Organization is exposed to significant market competition.