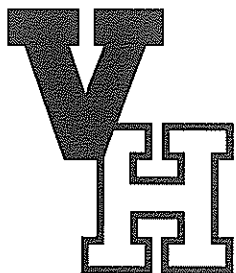


BRAMPTON HOCKEY INC.

FINANCIAL STATEMENTS

APRIL 30, 2019



Vijay Hemanchal, CPA

Professional Corporation

350B Rutherford Road South, Plaza II, Suite 208, Brampton, ON L6W 4N6

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Brampton Hockey Inc.

Opinion

I have audited the financial statements of Brampton Hockey Inc. (the Organization), which comprise the statement of financial position as at April 30, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Brampton Hockey Inc. as at April 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

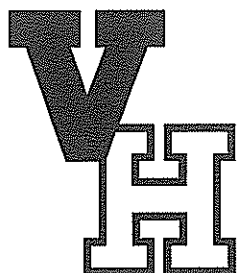
I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative to do so.

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



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Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- o 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 my 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.
- o 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 Organization's internal control.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o 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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- o 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.

I 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 I identify during my audit.

Vijay Hemanchal, CPA

Brampton, Ontario
October 18, 2019

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

BRAMPTON HOCKEY INC.
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2019

	2019			2018
	CAPITAL	UNRESTRICTED	RESTRICTED	TOTAL
	ASSETS			
CURRENT				
Cash (note 3)	-	161,590	79,166	240,756
Short term investments (note 4)	-	331,279	-	331,279
Accounts receivable (note 5)	-	-	6,046	6,046
Interfund receivable	-	64,027	1,809	65,836
Prepaid expenses	-	36,207	-	36,207
	-	593,103	87,021	680,124
CAPITAL ASSETS				
(note 6)	37,917	-	-	37,917
	<u>\$ 37,917</u>	<u>\$ 593,103</u>	<u>\$ 87,021</u>	<u>\$ 718,041</u>
LIABILITIES				
Accounts payable	-	184,342	59,000	243,342
Deferred revenue- grants	-	-	-	-
Deferred revenue - registration fees	-	51,975	-	51,975
Interfund payable	65,836	-	-	65,836
	<u>65,836</u>	<u>236,317</u>	<u>59,000</u>	<u>361,153</u>
FUND BALANCES				
Balance beginning of year	(8,454)	364,941	21,812	378,299
Excess of revenues over expenditures for year	(19,465)	(8,155)	6,209	(21,411)
Balance, end of year	(27,919)	356,786	28,021	356,888
	<u>\$ 37,917</u>	<u>\$ 593,103</u>	<u>\$ 87,021</u>	<u>\$ 718,041</u>

APPROVED ON BEHALF OF THE BOARD

Director

Director

**BRAMPTON HOCKEY INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2019**

	2019				2018	
	BUDGET	CAPITAL ASSETS	UNRESTRICTED	RESTRICTED	TOTAL	TOTAL
REVENUES						
Apparel program	12,000	-	12,283	-	12,283	6,300
Bingo	55,000	-	-	65,245	65,245	62,691
Clinics	4,000	-	9,648	-	9,648	23,616
Ice rental	-	-	7,475	-	7,475	17,167
Interest income	8,000	-	12,442	-	12,442	10,233
Miscellaneous	107,820	-	120,305	-	120,305	119,263
Player surcharge	950,925	-	930,482	-	930,482	748,156
Powerskate and goalie school	-	-	-	-	-	6,798
Registration	949,120	-	1,022,032	-	1,022,032	1,005,333
Sponsorships	28,000	-	21,900	-	21,900	41,930
Tournaments	61,089	-	58,742	-	58,742	39,100
	<u>2,175,954</u>	<u>-</u>	<u>2,195,309</u>	<u>65,245</u>	<u>2,260,554</u>	<u>2,080,587</u>
EXPENDITURES						
Amortization	14,272	19,465	-	-	19,465	6,007
Bank and credit card charges	34,600	-	32,189	36	32,225	32,992
General and administrative	285,264	-	367,318	-	367,318	201,105
Ice rental	967,063	-	947,757	59,000	1,006,757	931,986
Insurance	90,673	-	88,034	-	88,034	85,896
Occupancy - other	2,200	-	2,133	-	2,133	2,100
- rent	42,587	-	42,345	-	42,345	41,752
Referees and instructors	355,623	-	230,867	-	230,867	243,384
Salaries and wages	260,495	-	323,753	-	323,753	304,685
Sweaters and socks	160,730	-	162,920	-	162,920	204,602
Trophies	12,675	-	6,148	-	6,148	6,735
	<u>2,226,182</u>	<u>19,465</u>	<u>2,203,464</u>	<u>59,036</u>	<u>2,281,965</u>	<u>2,061,244</u>
EXCESS REVENUES OVER EXPENDITURES						
	\$ (50,228)	\$ (19,465)	\$ (8,155)	\$ (6,209)	\$ (21,411)	\$ (19,343)

BRAMPTON HOCKEY INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Excess of revenues over expenditures	(21,411)	19,343
Items not involving an outlay of cash		
- amortization	<u>19,465</u>	<u>6,007</u>
	(1,946)	25,350
Change in non-cash working capital balances		
- accounts receivable	(309)	15,699
- inventory	-	14,869
- prepaid expenses	(16,209)	6,516
- accounts payable	(126,092)	(445,235)
- deferred revenue - grants	(21,600)	15,000
- registration fees	<u>51,375</u>	<u>(41,955)</u>
	<u>(114,781)</u>	<u>(409,756)</u>
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Short term investments	21,557	356,750
Acquisition of capital assets	<u>(42,920)</u>	<u>(10,680)</u>
	<u>(21,363)</u>	<u>346,070</u>
DECREASE IN CASH	(136,144)	(63,686)
CASH, beginning of year	<u>376,900</u>	<u>440,586</u>
CASH, end of year	\$ <u>240,756</u>	\$ <u>376,900</u>

BRAMPTON HOCKEY INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2019

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
Player equipment	3 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, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

Restricted - These funds are for the Bingo Fund and City of Brampton Community Grants. 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. The City of Brampton Community Grants is funding for the 46th Annual Brampton Regional Silver-Stick Tournament.

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 \$79,166 (2018 - \$56,890) 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>2019</u>	<u>2018</u>
GIC's bears interest of 2.05% and matures July 2019.	331,279	-
GIC bears interest of 1.70% and matures January 2019.	<u>-</u>	<u>352,836</u>
	<u>\$ 331,279</u>	<u>\$ 352,836</u>

BRAMPTON HOCKEY INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2019

5. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Account receivable	6,046	5,737
Allowance for doubtful accounts	<u>-</u>	<u>-</u>
	\$ <u>6,046</u>	\$ <u>5,737</u>

During the year, the Organization recorded bad debts of \$NIL (2018 - \$NIL) that have been included in bad debt expense.

6. CAPITAL ASSETS

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	219,964	195,299	24,665	7,342
Player equipment	<u>110,614</u>	<u>97,362</u>	<u>13,252</u>	<u>7,120</u>
	\$ <u>330,578</u>	\$ <u>292,661</u>	\$ <u>37,917</u>	\$ <u>14,462</u>

7. LEASE OBLIGATION

Brampton Hockey Inc. is renting premises from the City of Brampton. A lease is in place from May 1, 2018 to April 30, 2023. The minimum rent payments are as follows

Fiscal	2020	27,797
	2021	28,351
	2022	28,929
	2023	<u>29,487</u>
		\$ <u>114,564</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.

BRAMPTON HOCKEY INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2019

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 2019, provided for the information only of the members, have not been subject to audit and no opinion is expressed thereon.

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, 2019 the allowance for doubtful accounts was \$NIL (2018 - \$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.