

Flamborough Hockey Association
Financial Statements (unaudited)
For the year ended from March 31, 2022
and Review Engagement Report

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The accompanying notes and the engagement report are an integral part of these financial statements

JOHN A. VANDERVELDE CHARTERED PROFESSIONAL ACCOUNTANT

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1.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members and Elected Officials
of Flamborough Hockey Association

I have reviewed the accompanying financial statements of Flamborough Hockey Association that comprise the balance sheet as at March 31, 2022, and the statements of operations, net assets 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 private enterprises, 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 Flamborough Hockey Association as at March 31, 2022, 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.

John A. VanderVelde

Chartered Professional Accountant
Licensed Public Accountant

CARLISLE, Ontario
May 30, 2022

FLAMBOROUGH HOCKEY ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2022
(unaudited)

2.

	<u>2022</u>	<u>2021</u>
REVENUE		
Registration fees and sundry income (Note 5)	\$ <u>406,464</u>	\$ <u>178,151</u>
COST OF SALES		
Awards, trophies and plaques	4,882	-
Clinics	41,827	38,663
Ice rentals	335,731	71,988
Insurance	32,778	21,042
Rep/Select costs recovery	(224,837)	-
Referees and timekeeping	58,981	-
Registrar, referee overseer, ice scheduler and accounting	59,532	54,858
Registration and fees	49,613	1,725
Uniforms, equipment, supplies	<u>10,526</u>	<u>29,646</u>
	<u>369,033</u>	<u>217,922</u>
GROSS MARGIN	<u>37,431</u>	<u>(39,771)</u>
OPERATING EXPENSES		
Advertising and promotion	444	-
Amortization	4,370	6,367
Bank and service charges	24,168	6,847
Consulting	6,500	-
Office, meetings and administrative supplies	2,210	938
Photos	2,781	-
Professional fees	13,334	11,017
Website	<u>2,496</u>	<u>3,278</u>
	<u>56,303</u>	<u>28,447</u>
OPERATING INCOME (LOSS)	(18,871)	(68,218)
OTHER INCOME (EXPENSE)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u><u>(18,871)</u></u>	\$ <u><u>(68,218)</u></u>

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JOHN A. VANDERVELDE CHARTERED PROFESSIONAL ACCOUNTANT

FLAMBOROUGH HOCKEY ASSOCIATION
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2022
(unaudited)

3.

	<u>2022</u>	<u>2021</u>
UNRESTRICTED BALANCE, BEGINNING OF YEAR	\$ 370,931	\$ 439,149
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(18,871)</u>	<u>(68,218)</u>
UNRESTRICTED BALANCE, END OF YEAR	\$ <u>352,060</u>	\$ <u>370,931</u>

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JOHN A. VANDERVELDE CHARTERED PROFESSIONAL ACCOUNTANT

FLAMBOROUGH HOCKEY ASSOCIATION
BALANCE SHEET
AS AT MARCH 31, 2022
(unaudited)

4.

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSET		
Cash and bank	\$ 340,895	\$ 390,141
Cash in bank encumbered (Note 3)	2,500	-
Receivables	<u>85,876</u>	<u>1,100</u>
	429,271	391,241
FIXED ASSETS (Note 4)	<u>6,810</u>	<u>11,181</u>
	\$ <u><u>436,081</u></u>	\$ <u><u>402,422</u></u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Payables and accrued liabilities	\$ 84,021	\$ 30,791
Deferred revenue	<u>-</u>	<u>700</u>
	<u>84,021</u>	<u>31,491</u>
<u>NET ASSETS</u>		
UNRESTRICTED	<u>352,060</u>	<u>370,931</u>
	\$ <u><u>436,081</u></u>	\$ <u><u>402,422</u></u>

Approved by the Board:

_____ Director

_____ Director

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JOHN A. VANDERVELDE CHARTERED PROFESSIONAL ACCOUNTANT

FLAMBOROUGH HOCKEY ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022
(unaudited)

5.

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (18,871)	\$ (68,218)
Item not affecting cash		
Amortization	<u>4,370</u>	<u>6,367</u>
	(14,501)	(61,851)
Effects on cash from changes in operating assets and liabilities		
Receivables	(84,776)	95,380
Payables and accrued liabilities	53,231	17,613
Deferred revenue	<u>(700)</u>	<u>700</u>
INCREASE (DECREASE) IN CASH	(46,746)	21,268
CASH RESOURCES, Beginning of year	<u>390,141</u>	<u>317,032</u>
CASH RESOURCES, End of year	\$ <u>343,395</u>	\$ <u>338,300</u>
CASH RESOURCES CONSISTS OF:		
Cash and bank	\$ 340,895	\$ 390,141
Cash in bank encumbered	<u>2,500</u>	<u>-</u>
	\$ <u>343,395</u>	\$ <u>390,141</u>

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FLAMBOROUGH HOCKEY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
(unaudited)

6.

1) NATURE OF BUSINESS

The Flamborough Hockey Association (the “Association”) was organized under the laws of the Province of Ontario by Letters Patent dated February 19, 1980, is without share capital and is subject to the Ontario Corporations Act. The Association is a not for profit organization and is primarily engaged to organize and operate minor hockey in the area of Flamborough, Ontario.

For Canadian income tax purposes, the Association qualifies as a not for profit organization which is exempt from income tax under section 149 of the Canadian income tax act.

2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and includes the significant accounting policies described hereafter.

Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with remaining maturities of less than three months at acquisition, and are valued at cost plus accrued interest, which approximates fair value. Term deposits with remaining maturities greater than three months at acquisition are classified as short-term investments.

Controlled Entities

These financial statements do not include the results of any financial activities which may be conducted from time to time by individual teams within the organization nor any assets or liabilities from these transactions. This financial information is not readily available.

Fixed Assets

Fixed assets are stated at cost and are amortized over their estimated useful lives using the following methods and annual rates:

Equipment, Hockey	33.3%	straight-line
Leasehold Improvements	20.0%	straight-line

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carry amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the value from their future use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Revenue Recognition

The Association follows the deferral method of accounting. Registration fees are recognized as revenue in the year services are provided, the related expenses are incurred and collection is reasonably assured.

All other revenue is recognized when earned and collection is reasonably assured.

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FLAMBOROUGH HOCKEY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
(unaudited)

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services

The Association and its members benefit from the volunteer services of many individuals and groups in the form of volunteer time for various committees and programs. The estimated fair value for these donated materials and services is difficult to determine, not readily available and not recognized in the financial statements. Donated materials and services are recognized in the financial statements if the estimated fair value is determinable and readily available.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with Canadian accounting standards for not for profit organizations. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expense. The most significant estimates in these financial statements relate to the impairment of long-lived assets. Actual results could differ from these estimates.

Financial Instruments

Initial and subsequent measurement

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at cost or amortized cost. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

The financial assets are subsequently measured at amortized cost include cash and equivalents, receivables and short-term investments.

The financial liabilities are subsequently measured at amortized cost include accounts payable, accrued liabilities and deferred revenue.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument.

Impairment

For financial assets measured at amortized cost, the company determines whether there are indications of possible impairment. When there is an indication of impairment, and the company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

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FLAMBOROUGH HOCKEY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
(unaudited)

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3) CASH IN BANK ENCUMBERED

The financial institution needed security to cover credit cards used for expenditures of the Association and required a GIC investment as collateral for these credit cards.

4) FIXED ASSETS

	<u>2022</u>			<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment, hockey	\$ 63,195	\$ 61,859	\$ 1,336	\$ 2,969
Leasehold improvements	<u>62,535</u>	<u>57,061</u>	<u>5,474</u>	<u>8,212</u>
	<u>\$ 125,730</u>	<u>\$ 118,920</u>	<u>\$ 6,810</u>	<u>\$ 11,181</u>

5) REVENUE

	<u>2022</u>	<u>2021</u>
Player registration fees	\$ 364,864	\$ 177,151
Rep tryout fees	29,400	-
Sponsors and donations	<u>12,200</u>	<u>1,000</u>
	<u>\$ 406,464</u>	<u>\$ 178,151</u>

6) RELATED PARTY TRANSACTIONS

In the normal course of activities during the year, the association recorded transactions with members for services provided in the amount of \$16,200 (2021 - \$35,868). The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7) FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Association by failing to discharge an obligation. The Association does not have significant exposure to credit risk.

Market risk

Market risk is the risk that the fair value of future cash flows of the Association's financial instruments will fluctuate because of changes in market prices. Some of the Association's financial instruments are exposed to this risk, which comprises currency risk, interest rate risk and other price risk.

Interest risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Association does not have significant exposure to interest rate risk.

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FLAMBOROUGH HOCKEY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
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7) FINANCIAL INSTRUMENTS (Continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company does not have significant exposure to other price risk.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association does not have significant exposure to liquidity risk.

8) COVID-19 AND FINANCIAL STATEMENT PRESENTATION

The COVID-19 pandemic is ongoing and has resulted in global economic uncertainty impacting the Association's risk. The Association has instituted measures to monitor and mitigate the effects of COVID-19 for those connected with the Association and to secure the supply of services that are essential to the Association. The Association will continue following the various government policies and advice to continue operations in the safest way possible without jeopardising the health of those connected with it. The Association was required to close the activities when COVID-19 occurred in 2020 and for the 2020/2021 hockey season, activities were minimal. This resulted in a significant reduction of fees earned. By the end of the 2021/2022 hockey season, activities were back to normal other than the hockey season was extended to April 10, 2022 to include all the scheduled ice time which normally would have been completed by March 31, 2022. As the pandemic continues to evolve, it is highly uncertain what compartments the pandemic will have on the company's future results of operations, overall financial condition and liquidity.

The Association changed its fiscal year commencing with the March 31, 2018 period end to reflect the minor hockey season which generally starts April 1st and ends March 31st. Due to COVID-19 recovery and lockdown measures, the OMHA extended the hockey season for the 2021/2022 season. Registration fees are paid upfront for players at the beginning of the season to cover the full season and no additional fees were charged for the extended season. The extension was a result of lockdown measures which occurred between December 2021 to January 2022. COVID-19 has created a unique circumstance as a result of the pandemic. The Board has taken the position that the full season should be reflected within the March 31, 2022 fiscal reporting period to match the financial statement presentation of prior and future years which includes the full hockey season and the comparative amount will be more meaningful. The financial impact to the yearend 2022 financial statements of including the extended season is as follows:

Registration fees and recoverable amounts relating to the extended season	\$ 34,976
Expenses during the extended season incurred relating to these fees	<u>29,802</u>
Excess of revenue over expenses	<u>\$ 5,174</u>

At March 31, 2022, accounts receivable includes \$9,048 of recoverable amounts and accounts payable includes \$29,802 of expenditures as a result of the transactions.

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