Grant Thornton

Financial Statements

Greater Toronto Hockey League

April 30, 2016

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Independent Auditor's Report

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To the Board of Directors of
Greater Toronto Hockey League

We have audited the accompanying financial statements of Greater Toronto Hockey League, which comprise the statement of financial position as at April 30, 2016, and the statements of revenue and expenditures, changes in fund balances 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.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Greater Toronto Hockey League as at April 30, 2016, 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.

Grant Thornton LLP

Markham, Canada
May 30, 2016

Chartered Professional Accountants
Licensed Public Accountants

Greater Toronto Hockey League
Statement of Financial Position

April 30		2016		2015
Assets				
Current				
Cash	$	**969,169**	$	3,092,655
Marketable securities (Note 3)		**2,797,996**		20,000
Accounts receivable		**2,051,855**		1,987,173
Prepaid expenses		**34,385**		27,831
		5,853,405		5,127,659
Equipment and leasehold improvements (Note 4)		**96,498**		112,918
	$	**5,949,903**	$	5,240,577
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 5)	$	**418,477**	$	218,094
Deferred revenue (Note 6)		**2,602,091**		2,530,352
		3,020,568		2,748,446
Fund balances				
Contingency reserve		**2,308,253**		2,009,662
Legacy fund		**621,082**		482,469
		2,929,335		2,492,131
	$	**5,949,903**	$	5,240,577

On behalf of the Board

_______________ Director _______________ Director

See accompanying notes to the financial statements.

Greater Toronto Hockey League
Statement of Revenue and Expenditures

Year ended April 30	**2016**	2015
Revenue		
Arena	**$ 5,237,296**	$ 4,787,189
Insurance	**1,344,476**	1,397,559
Direct team entry	**1,084,083**	1,117,417
Tournaments	**756,700**	675,020
Clinics	**360,231**	319,368
Sponsorship and marketing	**260,481**	272,373
Miscellaneous	**107,503**	108,861
Legacy fund	**350,233**	361,989
Investment income	**53,815**	51,242
	9,554,818	9,091,018
Expenditures		
Arena	**5,069,665**	5,001,745
Insurance	**1,060,580**	1,074,499
Salaries - administration, wages, benefits and honoraria	**889,811**	1,009,775
General and administration	**779,786**	906,236
Tournaments	**614,133**	766,497
Clinics	**274,863**	236,181
Marketing	**153,011**	173,167
Branch member service costs	**64,145**	41,836
Legacy fund	**211,620**	234,138
	9,117,614	9,444,074
Excess (deficiency) of revenue over expenditures	**$ 437,204**	$ (353,056)

Greater Toronto Hockey League
Statement of Changes in Fund Balances

Year ended April 30

	Contingency reserve	Legacy fund	**Total 2016**	Total 2015
Balance, beginning of year	$ 2,009,662	$ 482,469	**$ 2,492,131**	$ 2,845,187
Excess (deficiency) of revenue over expenditures	298,591	138,613	**437,204**	(353,056)
Balance, end of year	**$ 2,308,253**	**$ 621,082**	**$ 2,929,335**	$ 2,492,131

Greater Toronto Hockey League
Statement of Cash Flows

Year ended April 30	2016	2015
Increase (decrease) in cash		
Operating		
Excess (deficiency) of revenue over expenditures	**$ 437,204**	$ (353,056)
Item not affecting cash		
Amortization, included in general and administration	**26,462**	24,516
	463,666	(328,540)
Change in non-cash working capital items		
Accounts receivable	**(64,682)**	35,639
Prepaid expenses	**(6,554)**	24,208
Accounts payable and accrued liabilities	**200,383**	8,093
Deferred revenue	**71,739**	(11,838)
	664,552	(272,438)
Investing		
Purchase of equipment and leasehold improvements	**(10,042)**	(69,659)
Proceeds (purchase) of marketable securities - net	**(2,777,996)**	2,924,201
	(2,788,038)	2,854,542
(Decrease) increase in cash	**(2,123,486)**	2,582,104
Cash		
Beginning of year	**3,092,655**	510,551
End of year	**$ 969,169**	$ 3,092,655

See accompanying notes to the financial statements.

1. Purpose of the organization

Greater Toronto Hockey League (GTHL) was incorporated in March 1973 in Ontario with Letters Patent as a not-for-profit corporation. GTHL is exempt from income tax under Section 149(1) of the Canadian Income Tax Act. The GTHL's mandate is to promote and govern organized minor hockey in Ontario and Canada. In addition, the GTHL fosters the development of hockey skills and knowledge of those players, coaches, managers and officials who participate in the GTHL.

2. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

The significant accounting policies used are as follows:

Use of estimates

The preparation of financial statements, in conformity with ASNPO, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The GTHL makes estimates for the allowance for doubtful accounts and the useful life of equipment and leasehold improvements. Actual results may differ from such estimates.

Financial instruments

The GTHL considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. GTHL accounts for the following as financial instruments:

- cash
- marketable securities
- accounts receivable
- accounts payable

Financial assets or liabilities obtained in arms length transactions are initially measured at their fair value and financial assets or liabilities obtained in related party transactions are measured at their exchange amount. GTHL subsequently measures all of its financial assets and financial liabilities at amortized cost, except for its marketable securities which are recorded at fair value.

Equipment and leasehold improvements

Purchased equipment and leasehold improvements are recorded at cost. Contributed equipment, if received, would be recorded at fair market value at the date of contribution. Amortization is provided on a straight line basis over five years for the equipment and over the term of the lease for the leasehold improvements representing the useful life of these assets.

2. Summary of significant accounting policies (continued)

Fund accounting

For financial reporting purposes, the accounts have been classified into the following funds:

Contingency reserve

The objective of the contingency reserve is to maintain funds sufficient to meet both the annual working capital requirements and to ensure that it will be able to continue to operate as a going concern.

Legacy fund

The Legacy fund was established during 2012 as an internally restricted fund with the objective of promotion and development of hockey at a grassroots level. The intention is to build the fund to a balance of $750,000, at which time GTHL will start to offer support and assistance to players and families in need. All expenses that are incurred in the fund are to support revenue generation.

Revenue recognition

The GTHL follows the deferral method of accounting for receipts of revenue and contributions in the fiscal year if received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Arena revenues are received as a component of player registrations and recognized evenly over the season to which they apply. Insurance and direct team entry revenues are recognized evenly over the fiscal year. Tournament and clinic revenues are recognized when the related event is held. Sponsorship and marketing revenue is recognized evenly over the term of the sponsorship agreement. Legacy fund revenue is recognized when received or receivable and the amount can be reasonably estimated and collection reasonably assured.

Investment income is recognized as a receipt in miscellaneous income as received by the GTHL, together with any change in the value of marketable securities.

Where there are contributions of material and services which would otherwise have been purchased, these are recognized as revenue at fair value at the date of contribution if fair value can be reasonably estimated and when the materials and services are used in the normal course of operations.

3. Marketable securities

Marketable securities are comprised of guaranteed investment certificates which mature July 2016 (2015 - April 2016) with interest rates ranging from 0.59% to 1.35% (2015 - 1.10%).

4. Equipment and leasehold improvements

The GTHL has invested in the following assets in the operations of its business:

	Cost	Accumulated Amortization	**2016 Net Book Value**	2015 Net Book Value
Equipment	$ 125,598	$ 112,959	**$ 12,639**	$ 4,633
Leasehold improvements	129,175	45,316	**83,859**	108,285
	$ 254,773	$ 158,275	**$ 96,498**	$ 112,918

5. Accounts payable and accrued liabilities

Included in accounts payable are Government remittances owing of $73,104 (2015 - $41,851).

6. Deferred revenue

Deferred revenue comprises amounts billed to both member teams and organizations as registration fees for league play programs, member insurance assessments and other assessments for the upcoming season, for which activities and coverage commence in the next season of play following the fiscal year.

7. Lease commitment

The GTHL leases its office facility and office equipment with lease expiration dates of May 31, 2019 and June 30, 2019 respectively.

The minimum commitment over the next four fiscal years is as follows:

2017	$ 108,800
2018	108,800
2019	108,800
2020	9,600
	$ 336,000

8. Financial Instruments

GTHL has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments.

Interest rate risk

GTHL's financial instruments expose it to interest rate risk due to its investments with fixed interest rates. It is management's opinion that GTHL is not exposed to significant interest rate risk arising from its financial instruments.

Price risk

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 issuer, or factors affecting all similar financial instruments traded in the market. GTHL is exposed to price risk through its marketable securities. GTHL mitigates this risk by investing in financial instruments that are expected to have a low susceptibility to significant fluctuations in market prices.

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 meet its funding obligation. This risk is mitigated by GTHL ensuring revenue is derived from qualified sources. Allowance for doubtful accounts as at April 30, 2016 is $13,491 (2015 - $Nil).

Liquidity risk

Liquidity risk is the risk that GTHL may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. It is management’s opinion that GTHL is not exposed to significant liquidity risks arising from its financial instruments

Interest rate cash flows risk

GTHL is not exposed to interest rate cash flow risk as it has no financial assets and liabilities with floating interest rates.

9. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.