



Financial Statements

Greater Toronto Hockey League

April 30, 2019

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# Independent Auditor's Report

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To the Board of Directors of  
[Greater Toronto Hockey League](#)

## Opinion

We have audited the financial statements of Greater Toronto Hockey League (the "Organization"), which comprise the statement of financial position as at April 30, 2019, and the statements of revenue and expenditures, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

## Basis for opinion

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

## Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to 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 but to do so.

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

# Independent Auditor's Report

## Auditor's responsibilities for the audit of the financial statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We 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 we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Markham, Canada  
May 28, 2019

Chartered Professional Accountants  
Licensed Public Accountants

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# Greater Toronto Hockey League

## Statement of Financial Position

April 30

2019

2018

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### Assets

#### Current

Cash	\$ 1,127,872	\$ 1,007,869
Marketable securities (Note 4)	3,169,287	3,105,665
Accounts receivable	2,255,141	2,259,081
Prepaid expenses (Note 3)	<u>450,313</u>	<u>351,805</u>

7,002,613 6,724,420

Equipment and leasehold improvements (Note 5)

50,478 82,878

\$ 7,053,091 \$ 6,807,298

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### Liabilities

#### Current

Accounts payable and accrued liabilities (Note 6)	\$ 244,986	\$ 309,474
Deferred revenue (Note 7)	<u>2,662,563</u>	<u>2,748,292</u>

2,907,549 3,057,766

### Fund balances

Contingency reserve (Note 3)	2,876,903	2,870,346
Legacy fund	1,134,441	879,186
Special purpose fund	<u>134,198</u>	<u>-</u>

4,145,542 3,749,532

\$ 7,053,091 \$ 6,807,298

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On behalf of the Board of Directors



Director



Director

# Greater Toronto Hockey League

## Statement of Revenue and Expenditures

Year ended April 30

2019

2018

	2019	2018
<b>Revenue</b>		
Arena	\$ 5,904,424	\$ 5,715,524
Insurance	1,503,361	1,302,324
Direct team entry	1,067,773	1,043,500
Tournaments	684,214	672,854
Clinics	589,677	378,947
Life insurance proceeds	268,396	-
Sponsorship and marketing	243,357	201,806
Legacy fund	208,469	259,004
Investment income	95,601	58,144
Miscellaneous	90,496	59,165
	<u>10,655,768</u>	<u>9,691,268</u>
<b>Expenditures</b>		
Arena	5,797,579	5,469,865
Insurance (Note 3)	1,148,143	1,013,193
Salaries, wages, benefits and honoraria	1,075,203	1,018,489
General and administration	769,442	751,091
Tournaments	635,564	597,877
Clinics	330,406	304,168
Marketing	196,449	165,073
Legacy fund	87,412	106,461
Branch member service costs	72,674	57,749
	<u>10,112,872</u>	<u>9,483,966</u>
Excess of revenue over expenditures before other item	542,896	207,302
Funding to qualified teams for equipment purchases	<u>(146,886)</u>	<u>(33,208)</u>
Excess of revenue over expenditures	<u>\$ 396,010</u>	<u>\$ 174,094</u>

# Greater Toronto Hockey League

## Statement of Changes in Fund Balances

Year ended April 30

	Contingency reserve	Legacy fund	Special purpose fund	Total 2019	Total 2018
Balance, beginning of year					
As previously reported	\$ 2,870,346	\$ 879,186	\$ -	\$ 3,749,532	\$ 3,231,447
Prior period adjustment (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,991</u>
As restated	2,870,346	879,186	-	3,749,532	3,575,438
Excess of revenue over expenditures	<u>6,557</u>	<u>255,255</u>	<u>134,198</u>	<u>396,010</u>	<u>174,094</u>
Balance, end of year	<u><b>\$ 2,876,903</b></u>	<u><b>\$ 1,134,441</b></u>	<u><b>\$ 134,198</b></u>	<u><b>\$ 4,145,542</b></u>	<u><b>\$ 3,749,532</b></u>

# Greater Toronto Hockey League

## Statement of Cash Flows

Year ended April 30

2019

2018

Increase (decrease) in cash

### Operating

Excess of revenue over expenditures	\$ 396,010	\$ 174,094
Item not affecting cash		
Amortization, included in general and administration	<u>40,956</u>	<u>39,608</u>
	<b>436,966</b>	213,702
Change in non-cash working capital items		
Accounts receivable	3,940	(318,654)
Prepaid expenses (Note 3)	(98,508)	34,170
Accounts payable and accrued liabilities	(64,488)	(33,054)
Deferred revenue	<u>(85,729)</u>	<u>299,774</u>
	<b>192,181</b>	195,938

### Investing

Purchase of equipment and leasehold improvements	(8,556)	(8,042)
Purchase of marketable securities - net	<u>(63,622)</u>	<u>(275,543)</u>
	<b>(72,178)</b>	(283,585)

Increase (decrease) in cash

120,003 (87,647)

Cash

Beginning of year	<u>1,007,869</u>	<u>1,095,516</u>
End of year	<b>\$ 1,127,872</b>	<b>\$ 1,007,869</b>



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# Greater Toronto Hockey League

## Notes to the Financial Statements

April 30, 2019

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### 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.

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### 2. Summary of significant accounting policies

The Organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

#### Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations ("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 expenditures 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. The GTHL accounts for the following as financial instruments:

- cash
- marketable securities
- accounts receivable
- accounts payable

The financial assets or liabilities are initially measured at their fair value. The GTHL subsequently measures all of its financial assets and financial liabilities at amortized cost.

#### Equipment and leasehold improvements

Purchased equipment and leasehold improvements are recorded at cost. 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.

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# Greater Toronto Hockey League

## Notes to the Financial Statements

April 30, 2019

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### 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.

During the prior year, the Board approved funding amounts from the contingency reserve to be paid to qualified teams for the purchase of specific hockey equipment.

##### 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 the GTHL will start to offer support and assistance to players and families in need. All expenses that incurred in the fund are to support revenue generation.

##### Special Projects Fund

The special projects fund has been established as an internally restricted fund with the objective to fund special projects outside of the normal operations of the GTHL that promote organized minor hockey in Ontario and Canada and fosters further development of those who participate in the GTHL.

#### **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 revenue are received as a component of player registrations recognized evenly over the season to which they apply. Insurance and direct team entry revenue 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 or receivable 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.

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# Greater Toronto Hockey League

## Notes to the Financial Statements

April 30, 2019

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### 3. Prior period adjustment

During the year, the GTHL identified it was inappropriately recognizing its insurance expense. The GTHL has adjusted this retroactively, and is now recognizing the insurance expense over the term of the insurance policy rather than in the fiscal year payment is made. The impact on prior year's financial statements is as follows:

	<u>Previously reported</u>	<u>Adjustment</u>	<u>Restated</u>
Statement of Financial Position			
Prepaid expenses	\$ 19,622	\$ 332,183	\$ 351,805
Contingency reserve	2,538,163	332,183	2,870,346
Statement of Operations			
Insurance expenditure	1,001,385	11,808	1,013,193
Excess of revenue over expenditures	185,902	(11,808)	174,094
Statement of Changes in Fund Balances			
Balance, beginning of year (2018)	3,231,447	343,990	3,575,437
Balance, end of year (2018)	3,417,349	332,183	3,749,532
Statement of Cash Flows			
Excess of revenue over expenditures	185,902	(11,808)	174,094
Prepaid expenses	22,362	11,808	34,170

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### 4. Marketable securities

Marketable securities are comprised of guaranteed investment certificates which mature in November 2019 (2017 - June 2018 to August 2018) with interest rates ranging from 2.35% to 2.50% (2017 - 1.10% to 1.60%).

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# Greater Toronto Hockey League

## Notes to the Financial Statements

April 30, 2019

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### 5. Equipment and leasehold improvements

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

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 196,771	\$ 156,876	\$ 39,895	\$ 47,870
Leasehold improvements	<u>129,175</u>	<u>118,592</u>	<u>10,583</u>	<u>35,008</u>
	<u>\$ 325,946</u>	<u>\$ 275,468</u>	<u>\$ 50,478</u>	<u>\$ 82,878</u>

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### 6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances owing of \$109,099 (2018 - \$40,873).

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### 7. 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.

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### 8. Lease commitments

The GTHL leases its office facility and office equipment with lease expiration dates of May 31, 2019 and May 31, 2023, respectively.

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

2020	\$ 21,728
2021	12,228
2022	12,228
2023	1,019

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# Greater Toronto Hockey League

## Notes to the Financial Statements

April 30, 2019

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### 9. Financial instruments

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

#### Interest rate risk

The GTHL's financial instruments expose it to interest rate risk due to its investments with fixed interest rates. The GTHL is not exposed to interest rate cash flow risk as it has no financial assets and liabilities with floating interest rates. It is management's opinion that the 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. The GTHL is exposed to price risk through its marketable securities. The 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 the GTHL ensuring revenue is derived from qualified sources. Allowance for doubtful accounts as at April 30, 2019 is \$Nil (2018 - \$4,235).

#### Liquidity risk

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

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### 10. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.