



Financial Statements

Greater Toronto Hockey League

April 30, 2018

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Revenue and Expenditures	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10

# Independent Auditor's Report

**Grant Thornton LLP**  
Suite 200  
15 Allstate Parkway  
Markham, ON  
L3R 5B4

T +1 416 366 0100  
F +1 905 475 8906  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2018, 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, 2018, 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.

Markham, Canada  
May 29, 2018

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# Greater Toronto Hockey League

## Statement of Financial Position

April 30 2018 2017

### Assets

#### Current

Cash	\$ 1,007,869	\$ 1,095,516
Marketable securities (Note 3)	3,105,665	2,830,122
Accounts receivable	2,259,081	1,940,427
Prepaid expenses	<u>19,622</u>	<u>41,984</u>

**6,392,237** 5,908,049

Equipment and leasehold improvements (Note 4) 82,878 114,444

**\$ 6,475,115** **\$ 6,022,493**

### Liabilities

#### Current

Accounts payable and accrued liabilities (Note 5)	\$ 309,474	\$ 342,528
Deferred revenue (Note 6)	<u>2,748,292</u>	<u>2,448,518</u>

**3,057,766** **2,791,046**

### Fund balances

Contingency reserve	2,538,163	2,504,804
Legacy fund	<u>879,186</u>	<u>726,643</u>

**3,417,349** **3,231,447**

**\$ 6,475,115** **\$ 6,022,493**

On behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Greater Toronto Hockey League

## Statement of Revenue and Expenditures

Year ended April 30	2018	2017
Revenue		
Arena	\$ 5,715,524	\$ 5,509,379
Insurance	1,302,324	1,348,688
Direct team entry	1,043,500	1,079,000
Tournaments	672,854	615,570
Clinics	378,947	347,976
Sponsorship and marketing	201,806	240,424
Miscellaneous	59,165	66,629
Legacy fund	259,004	257,861
Investment income	<u>58,144</u>	<u>38,655</u>
	<b><u>9,691,268</u></b>	<b><u>9,504,182</u></b>
Expenditures		
Arena	5,469,865	5,265,890
Insurance	1,001,385	1,041,878
Salaries, wages, benefits and honoraria	1,018,489	939,178
General and administration	751,091	751,065
Tournaments	597,877	540,258
Clinics	304,168	256,129
Marketing	165,073	200,778
Branch member service costs	57,749	54,594
Legacy fund	<u>106,461</u>	<u>152,300</u>
	<b><u>9,472,158</u></b>	<b><u>9,202,070</u></b>
Excess of revenue over expenditures before other item	219,110	302,112
Funding to qualified teams for equipment purchases	<u>(33,208)</u>	<u>-</u>
Excess of revenue over expenditures	<b><u>\$ 185,902</u></b>	<b><u>\$ 302,112</u></b>

---

## Greater Toronto Hockey League Statement of Changes in Fund Balances

Year ended April 30

---

	<b>Contingency reserve</b>	<b>Legacy fund</b>	<b>Total 2018</b>	<b>Total 2017</b>
Balance, beginning of year	\$ 2,504,804	\$ 726,643	\$ <b>3,231,447</b>	\$ 2,929,335
Excess of revenue over expenditures	<u>33,359</u>	<u>152,543</u>	<u><b>185,902</b></u>	<u>302,112</u>
Balance, end of year	<u><b>\$ 2,538,163</b></u>	<u><b>\$ 879,186</b></u>	<u><b>\$ 3,417,349</b></u>	<u><b>\$ 3,231,447</b></u>

---

---

## Greater Toronto Hockey League Statement of Cash Flows

Year ended April 30	2018	2017
Increase (decrease) in cash		
<b>Operating</b>		
Excess of revenue over expenditures	\$ 185,902	\$ 302,112
Item not affecting cash		
Amortization, included in general and administration	<u>39,608</u>	<u>36,630</u>
	<b>225,510</b>	338,742
Change in non-cash working capital items		
Accounts receivable	(318,654)	111,428
Prepaid expenses	22,362	(7,599)
Accounts payable and accrued liabilities	(33,054)	(75,949)
Deferred revenue	<u>299,774</u>	<u>(153,573)</u>
	<b>195,938</b>	213,049
<b>Investing</b>		
Purchase of equipment and leasehold improvements	(8,042)	(54,576)
Purchase of marketable securities - net	<u>(275,543)</u>	<u>(32,126)</u>
	<b>(283,585)</b>	(86,702)
(Decrease) increase in cash	<b>(87,647)</b>	126,347
Cash		
Beginning of year	<u>1,095,516</u>	<u>969,169</u>
End of year	<b><u>\$ 1,007,869</u></b>	<b><u>\$ 1,095,516</u></b>

---



---

# Greater Toronto Hockey League

## Notes to the Financial Statements

April 30, 2018

---

### 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.

---

# Greater Toronto Hockey League

## Notes to the Financial Statements

April 30, 2018

---

### 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 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 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 in June 2018 and August 2018 (2017 - June 2017 to August 2017) with interest rates ranging from 1.10% to 1.60% (2017 - 0.80% to 1.40%).

---

# Greater Toronto Hockey League

## Notes to the Financial Statements

---

April 30, 2018

---

#### 4. Equipment and leasehold improvements

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

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 188,215	\$ 140,345	\$ 47,870	\$ 55,010
Leasehold improvements	<u>129,175</u>	<u>94,167</u>	<u>35,008</u>	<u>59,434</u>
	<u>\$ 317,390</u>	<u>\$ 234,512</u>	<u>\$ 82,878</u>	<u>\$ 114,444</u>

---

#### 5. Accounts payable and accrued liabilities

Included in accounts payable are Government remittances owing of \$40,873 (2017 - \$Nil).

---

#### 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 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:

2019	\$ 126,228
2020	21,728
2021	12,228
2022	12,228
2023	1,019

---

# Greater Toronto Hockey League

## Notes to the Financial Statements

April 30, 2018

---

### 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, 2018 is \$4,235 (2017 - \$4,235).

#### 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.