



Financial Statements

Greater Toronto Hockey League

April 30, 2020

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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, 2020, 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, 2020, and its 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.

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.

Grant Thornton LLP

Markham, Canada
July 27, 2020

Chartered Professional Accountants
Licensed Public Accountants

Greater Toronto Hockey League Statement of Financial Position

April 30

2020

2019

Assets

Current

Cash	\$ 3,777,062	\$ 1,148,030
Marketable securities (Note 3)	-	3,149,129
Accounts receivable (Note 9)	368,536	233,563
Prepaid expenses (Note 9)	<u>325,620</u>	<u>334,638</u>

	4,471,218	4,865,360
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Equipment and leasehold improvements (Note 4)

	<u>53,867</u>	<u>50,478</u>
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	<u>\$ 4,525,085</u>	<u>\$ 4,915,838</u>
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Liabilities

Current

Accounts payable and accrued liabilities (Note 5)	\$ 298,781	\$ 244,986
Deferred revenue (Notes 6 and 9)	<u>437,385</u>	<u>920,482</u>

	<u>736,166</u>	<u>1,165,468</u>
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Fund balances

Contingency reserve	3,003,871	2,481,731
Legacy fund	641,556	1,134,441
Special purpose fund	<u>143,492</u>	<u>134,198</u>

	<u>3,788,919</u>	<u>3,750,370</u>
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	<u>\$ 4,525,085</u>	<u>\$ 4,915,838</u>
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Lease commitments (Note 7)

On behalf of the Board of Directors



Director



Director

Greater Toronto Hockey League

Statement of Revenue and Expenditures

Year ended April 30

2020

2019

	2020	2019
Revenue		
Arena	\$ 6,159,401	\$ 5,904,424
Insurance (Note 9)	1,518,047	1,442,597
Direct team entry	1,065,727	1,067,773
Tournaments	434,311	684,214
Clinics	419,079	589,677
Sponsorship and marketing	220,921	243,357
Legacy fund	203,430	208,469
Special purpose fund - GTHL summit sponsorship	102,650	-
Investment income	99,952	95,601
Miscellaneous	84,403	90,496
Special purpose fund - OTF grant (Note 6)	32,452	-
Life insurance proceeds	-	268,396
	<u>10,340,373</u>	<u>10,595,004</u>
Expenditures		
Arena	5,593,454	5,797,579
Insurance (Note 9)	1,228,192	1,150,368
Salaries, wages, benefits and honoraria	1,057,839	1,075,203
General and administration	776,613	769,442
Tournaments	336,710	635,564
Clinics	295,134	330,406
Marketing	131,651	196,449
Special purpose fund - GTHL summit expenses	93,356	-
Legacy Fund - Other	71,315	87,412
Branch member service costs	60,108	72,674
Special purpose fund - OTF Grant (Note 6)	32,452	-
	<u>9,676,824</u>	<u>10,115,097</u>
Excess of revenue over expenditures before other item	<u>663,549</u>	<u>479,907</u>
Special purpose fund - Jumpstart program contributions	(625,000)	-
Funding to qualified teams for equipment purchases	-	(146,886)
	<u>(625,000)</u>	<u>(146,886)</u>
Excess of revenue over expenditures	<u>\$ 38,549</u>	<u>\$ 333,021</u>

Greater Toronto Hockey League

Statement of Changes in Fund Balances

Year ended April 30

	Contingency reserve	Legacy fund	Special purpose fund	Total 2020	Total 2019
Balance, beginning of year					
As previously reported	\$ 2,481,731	\$ 1,134,441	\$ 134,198	\$ 3,750,370	\$ 3,749,532
Prior period adjustment (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(332,183)</u>
As restated	2,481,731	1,134,441	134,198	3,750,370	3,417,349
Excess (deficiency) of revenue over expenditures	<u>522,140</u>	<u>(492,885)</u>	<u>9,294</u>	<u>38,549</u>	<u>333,021</u>
Balance, end of year	<u>\$ 3,003,871</u>	<u>\$ 641,556</u>	<u>\$ 143,492</u>	<u>\$ 3,788,919</u>	<u>\$ 3,750,370</u>

Greater Toronto Hockey League

Statement of Cash Flows

Year ended April 30

2020

2019

Increase (decrease) in cash

Operating

Excess of revenue over expenditures	\$ 38,549	\$ 333,021
Item not affecting cash		
Amortization, included in general and administration	<u>31,197</u>	<u>40,956</u>
	69,746	373,977
Change in non-cash working capital items		
Accounts receivable (Note 9)	(134,973)	19,894
Prepaid expenses (Note 9)	9,018	(96,283)
Accounts payable and accrued liabilities	53,795	(64,488)
Deferred revenue (Note 9)	<u>(483,097)</u>	<u>(40,919)</u>
	<u>(485,511)</u>	<u>192,181</u>

Investing

Purchase of equipment and leasehold improvements	(34,586)	(8,556)
Redemption of marketable securities - net	3,149,129	-
Purchase of marketable securities - net	<u>-</u>	<u>(63,622)</u>
	<u>3,114,543</u>	<u>(72,178)</u>

Increase in cash **2,629,032** 120,003

Cash

Beginning of year	<u>1,148,030</u>	<u>1,028,027</u>
End of year	<u>\$ 3,777,062</u>	<u>\$ 1,148,030</u>

Greater Toronto Hockey League

Notes to the Financial Statements

April 30, 2020

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 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 and accrued liabilities

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 or five years, whichever is the lessor, for the leasehold improvements representing the useful life of these assets.

Greater Toronto Hockey League

Notes to the Financial Statements

April 30, 2020

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 fiscal 2018, 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 Purpose Fund

The special purpose 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 revenue are recognized when the related event is held. Sponsorship and marketing revenue is recognized evenly over the term of the sponsorship agreement. Legacy fund and special purpose fund revenue is recognized when received or receivable and the amount can be reasonably estimated and collection reasonably assured.

Investment and miscellaneous income are recognized as earned.

Where there are contributions of materials 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.

Greater Toronto Hockey League

Notes to the Financial Statements

April 30, 2020

2. Summary of significant accounting policies (continued)

Adoption of new accounting standards

On May 1, 2019, GTHL adopted new accounting standards Section 4433 Tangible capital assets held by not-for-profit organizations and Section 4434 Intangible assets held by not-for-profit organizations (the “standards”). The most significant requirements include:

- tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;
- tangible capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively, except GTHL was permitted to recognize an adjustment to opening net assets at May 1, 2019 to reflect partial impairments of tangible and intangible assets existing at that date. The adoption of these standards did not have any impact on the statement of financial position as at May 1, 2019 and the changes in financial position for the current period.

3. Marketable securities

In prior year, marketable securities were comprised of guaranteed investment certificates which matured in November 2019 with interest rates ranging from 2.35% to 2.50%.

4. Equipment and leasehold improvements

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

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 231,358	\$ 177,491	\$ 53,867	\$ 39,895
Leasehold improvements	<u>129,175</u>	<u>129,175</u>	<u>-</u>	<u>10,583</u>
	<u>\$ 360,533</u>	<u>\$ 306,666</u>	<u>\$ 53,867</u>	<u>\$ 50,478</u>

Greater Toronto Hockey League

Notes to the Financial Statements

April 30, 2020

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances owing of \$63,359 (2019 - \$109,099).

6. Deferred revenue

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

Included in deferred revenue is \$102,548 (2019 - \$Nil) relating to funding received from the Ontario Trillium Foundation to support minor hockey associations with costs to purchase equipment for initiation program cross-ice play. The total funding provided during the year was \$135,000, of which \$32,452 was recognized in revenue during the year in accordance with the related expenses incurred.

7. Lease commitments

The GTHL leases its office facility and office equipment with lease expiration dates of May 31, 2024 and May 31, 2023, respectively.

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

2021	\$	131,928
2022		131,928
2023		120,719
2024		9,975

Greater Toronto Hockey League

Notes to the Financial Statements

April 30, 2020

8. 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, 2020 is \$Nil (2019 - \$Nil).

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.

Greater Toronto Hockey League

Notes to the Financial Statements

April 30, 2020

9. Prior period adjustment

During the year, the GTHL identified it was inappropriately recognizing its insurance revenue. Moreover, the GTHL identified that its prepaid insurance expenses recognized over the term of the insurance policy included assessment fees that are earned over the fiscal year. The GTHL has adjusted this retroactively, and is now recognizing the insurance revenue and expense over the term of the insurance policy rather than in the fiscal year payment is made without including any unrelated assessment fees.

Also, during the year, the GTHL determined that an amount of \$2,021,578 was misclassified as deferred revenue and accounts receivable. As a result, as at April 30, 2019, deferred revenue and accounts receivable both decreased by \$2,021,578. There was no impact on the excess of revenue over expenditures as a result of this reclassification.

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			
Accounts receivable	\$ 2,255,141	\$ (2,021,578)	\$ 233,563
Prepaid expenses	450,313	(115,675)	334,638
Deferred revenue	2,662,563	(1,742,081)	920,482
Contingency reserve	2,876,903	(395,172)	2,481,731
Statement of Operations			
Insurance revenue	1,503,361	(60,764)	1,442,597
Insurance expenditure	1,148,143	2,225	1,150,368
Statement of Changes in Fund Balances			
Balance, beginning of year (2019)	3,749,532	(332,183)	3,417,349
Balance, end of year (2019)	4,145,542	(395,172)	3,750,370
Statement of Cash Flows			
Excess of revenue over expenditures	396,010	(62,989)	333,021
Accounts receivable	3,940	15,954	19,894
Prepaid expenses	(98,508)	2,225	(96,283)
Deferred revenue	(85,729)	(44,810)	(40,919)

Greater Toronto Hockey League

Notes to the Financial Statements

April 30, 2020

10. COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Effective March 12, 2020, all Hockey Canada sanctioned events were indefinitely cancelled, including tournaments to be hosted by the GTHL after March 12, 2020. As a result, any fees that had previously been collected for these events were refunded on a pro-rated basis. In addition, the GTHL has successfully applied for government incentives available to assist with the decline in revenue resulting from the cancellation of events. The amounts are included in accounts receivable in the statement of financial position as well as in the statement of revenue and expenditures.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the GTHL for future periods. At the audit report date, the GTHL is considering different options available for the 2020-2021 hockey season, although final decisions have not been made. Regardless, the GTHL is committed to adjusting its expenditures depending on the option taken to ensure the sustainability of the GTHL.