



Financial Statements

Greater Toronto Hockey League

April 30, 2012

GREATER TORONTO HOCKEY LEAGUE
2012 Financial Statements

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Independent Auditor's Report

**To the Board of Directors of
Greater Toronto Hockey League**

Grant Thornton LLP
Suite 200
41 Valleybrook Drive
Toronto, ON
M3B 2S6
T +1 416 449 9171
F +1 416 449 7401
E NorthToronto@ca.gt.com
www.GrantThornton.ca

We have audited the accompanying financial statements of Greater Toronto Hockey League, which comprise the statement of financial position as at April 30, 2012, and the statements of receipts 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 generally accepted accounting principles, 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.

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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter

The financial statements of Greater Toronto Hockey League for the year ended April 30, 2011, were audited by another auditor who expressed an unmodified opinion on those statements on May 31, 2011.



Chartered Accountants, Licensed Public Accountants
Toronto, Canada
May 30, 2012

GREATER TORONTO HOCKEY LEAGUE
Statement of Financial Position
As at April 30

	2012	2011
ASSETS		
Current assets		
Cash	\$ 701,744	\$ 1,646,672
Marketable securities	2,261,292	599,954
Accounts receivable	1,325,319	1,463,926
Prepaid expenses	35,563	15,305
	<hr/>	<hr/>
	4,323,918	3,725,857
Equipment and leasehold improvements (note 4)	-	7,373
	<hr/>	<hr/>
	\$ 4,323,918	\$ 3,733,230

LIABILITIES AND FUND BALANCES

Current liabilities		
Accounts payable and accrued liabilities	\$ 158,787	\$ 50,129
Deferred revenue (note 5)	1,813,487	1,753,197
	<hr/>	<hr/>
	1,972,274	1,803,326
Fund balances		
Contingency reserve (note 7)	2,217,258	1,929,904
Legacy fund (note 7)	134,386	-
	<hr/>	<hr/>
	2,351,644	1,929,904
	<hr/>	<hr/>
	\$ 4,323,918	\$ 3,733,230

See accompanying notes

On behalf of the Board

Member



Member

GREATER TORONTO HOCKEY LEAGUE

Statement of Receipts and Expenditures

Year ended April 30, 2012

	2012	2011
Receipts		
Arena	\$ 4,863,964	\$ 4,758,282
Insurance	1,398,124	1,339,708
Direct team entry	1,072,570	1,077,875
Tournaments	829,852	806,699
Clinics	380,797	386,528
Sponsorship and marketing	316,477	418,544
Miscellaneous	128,570	170,847
Legacy fund	339,875	-
	<hr/>	<hr/>
	9,330,229	8,958,483
Expenditures		
Arena	4,785,847	4,526,711
General and administration	1,363,394	1,223,006
Insurance	1,064,308	1,043,131
Tournaments	686,504	605,392
Marketing	284,616	201,186
Clinics	269,257	258,603
Branch member service costs	249,074	220,139
Legacy fund	205,489	-
	<hr/>	<hr/>
	8,908,489	8,078,168
Excess of receipts over expenditures	<hr/>	<hr/>
	\$ 421,740	\$ 880,315

See accompanying notes

GREATER TORONTO HOCKEY LEAGUE
Statement of Changes in Fund Balances
Year ended April 30, 2012

	Contingency reserve	Legacy fund	Total 2012	Total 2011
Balance, beginning of year	\$ 1,929,904	\$ -	\$ 1,929,904	\$ 1,049,589
Excess of receipts over expenditures	287,354	134,386	421,740	880,315
Balance, end of year	\$ 2,217,258	\$ 134,386	\$ 2,351,644	\$ 1,929,904

See accompanying notes

GREATER TORONTO HOCKEY LEAGUE

Statement of Cash Flows

Year ended April 30, 2012

	2012	2011
Operating activities		
Excess of receipts over expenditures	\$ 421,740	\$ 880,315
Item not involving cash		
Amortization, included in general and administration.	7,374	7,372
	429,114	887,687
Net change in non-cash working capital items		
Accounts receivable	138,607	(732,124)
Prepaid expenses	(20,258)	-
Accounts payable and accrued liabilities	108,657	(44,672)
Deferred revenue	60,290	778,746
	287,296	1,950
Cash flows from operating activities	716,410	889,637
Investing activities		
Net purchase of marketable securities	(1,661,338)	(27,220)
Proceeds from sale of marketable securities	-	2,700
Cash flows from investing activities	(1,661,338)	(24,520)
Net change in cash during the year	(944,928)	865,117
Cash, beginning of year	1,646,672	781,555
Cash, end of year	\$ 701,744	\$ 1,646,672

See accompanying notes

GREATER TORONTO HOCKEY LEAGUE

Notes to Financial Statements

Year ended April 30, 2012

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 League.

2. Basis of presentation

These financial statements present the financial position of the GTHL as at April 30, 2012 and the results of its financial activities and its cash flows for the year then ended.

3. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian generally accepted accounting principles.

The significant accounting policies used are as follows:

Use of estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, 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, useful lives of property and equipment as well as the realization of deferred revenue. Actual results may differ from such estimates.

Financial instruments

The Canadian Institute of Chartered Accountants (CICA) provides a temporary choice for financial disclosure and presentation and the GTHL has chosen to continue to apply Financial Instruments - Disclosure and Presentation, Section 3861 in place of Financial Instruments - Disclosure, Section 3862 and Financial Instruments - Presentation, Section 3863.

The GTHL's financial instruments are comprised of cash, marketable securities, accounts receivable and accounts payable.

Cash, accounts receivable and accounts payable are recorded at cost, which approximates fair value due to their short-term nature.

Marketable securities principally include fixed interest rate securities and trust units, together with other nominal equities. These investments are classified as available for sale and are recorded at fair value. Subsequent changes in fair value are recognized each year in the statement of receipts, expenditures and contingency reserve. In fiscal 2012, the realized and unrealized gains and losses were insignificant and accordingly were not separately presented.

It is management's opinion that the GTHL is not exposed to any significant credit, currency, market or interest rate risk arising from these financial instruments.

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 representing the useful life of these assets.

GREATER TORONTO HOCKEY LEAGUE

Notes to Financial Statements

Year ended April 30, 2012

3. Summary of significant accounting policies — continued

Revenue recognition

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

Arena revenues are recognized when the ticket is sold. 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.

Future accounting standards

The Accounting Standards Board has issued new accounting standards for not-for-profit organizations effective for fiscal years beginning on or after January 1, 2012, with earlier adoption permitted. The GTHL is in the process of determining the impact of the new standards on the financial statements, however the impact is not expected to be significant.

4. Equipment and leasehold improvements

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

	Cost	2012 Accumulated amortization	Net	2011 Net
Equipment	\$ 87,424	\$ 87,424	\$ -	\$ 3,293
Leasehold improvements	17,125	17,125	-	4,080
	<u>\$ 104,549</u>	<u>\$ 104,549</u>	<u>\$ -</u>	<u>\$ 7,373</u>

GREATER TORONTO HOCKEY LEAGUE

Notes to Financial Statements

Year ended April 30, 2012

5. 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 end.

Also included in deferred revenue are amounts received relating to clinics which commence in the following fiscal year end.

6. Lease commitment

The GTHL renewed the lease on its office premises commencing June 1, 2012 for a period of two years expiring on May 31, 2014. In addition, the GTHL leases storage space for its operations.

The minimum commitment over the next three years is as follows:

2013	\$ 142,100
2014	145,250
2015	<u>28,700</u>
Total future minimum lease payments	<u>\$ 316,050</u>

7. Capital management

The GTHL's capital is comprised of the net amounts invested in marketable securities, accounts receivable, equipment and leasehold improvements, internally restricted and unrestricted funds.

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. Management prepares the annual budget to meet the requirements of the contingency reserve. After the budget is approved by the GTHL's Board of Directors, the Finance Committee and staff monitor the actual results against the forecast.

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. All expenses that are incurred in the fund are to support revenue generation.

The Finance Committee is responsible for the investment and monitoring of the marketable securities held. Investment objectives are limited to capital preservation.

The GTHL is not subject to externally imposed capital requirements.

8. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2012 financial statements.