



Grant Thornton

Financial Statements

Greater Toronto Hockey League

April 30, 2013 and 2012

**GREATER TORONTO HOCKEY LEAGUE**  
2013 and 2012 Financial Statements

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## Independent Auditor's Report

To the Board of Directors of  
Greater Toronto Hockey League

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We have audited the accompanying financial statements of Greater Toronto Hockey League, which comprise the statements of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011, and the statements of revenue and expenditures, changes in fund balances and cash flows for the years ended April 30, 2013 and April 30, 2012, 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.

### 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, 2013, April 30, 2012 and May 1, 2011, and the results of its operations and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

*Grant Thornton LLP*

Chartered Accountants, Licensed Public Accountants  
Toronto, Canada  
May 30, 2013

# GREATER TORONTO HOCKEY LEAGUE

## Statements of Financial Position

As at

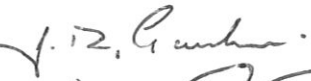
	April 30, 2013	April 30, 2012	May 1, 2011
<b>ASSETS</b>			
Current assets			
Cash	\$ 1,247,464	\$ 701,744	\$ 1,646,672
Marketable securities	2,293,790	2,261,292	599,954
Accounts receivable	2,135,286	1,321,637	1,460,698
Prepaid expenses	46,166	35,563	15,305
	5,722,706	4,320,236	3,722,629
Equipment and leasehold improvements (note 4)	7,663	-	7,373
	\$ 5,730,369	\$ 4,320,236	\$ 3,730,002


## LIABILITIES AND FUND BALANCES

Current liabilities			
Accounts payable and accrued liabilities (note 5)	\$ 258,114	\$ 155,106	\$ 46,901
Deferred revenue (note 6)	2,676,752	1,813,487	1,753,197
	2,934,866	1,968,593	1,800,098
Fund balances			
Contingency reserve (note 9)	2,571,902	2,217,257	1,929,904
Legacy fund (note 9)	223,601	134,386	-
	2,795,503	2,351,643	1,929,904
	\$ 5,730,369	\$ 4,320,236	\$ 3,730,002

See accompanying notes

On behalf of the Board

Member 

Member 

## GREATER TORONTO HOCKEY LEAGUE

Statements of Revenue and Expenditures  
Years ended April 30, 2013 and April 30, 2012

	2013	2012
Revenue		
Arena	\$ 5,027,841	\$ 4,863,964
Insurance	1,389,041	1,398,124
Direct team entry	1,138,000	1,072,570
Tournaments	844,406	829,852
Clinics	457,608	380,797
Sponsorship and marketing	332,922	316,477
Miscellaneous	128,133	108,834
Legacy fund	255,204	339,875
Investment income	34,932	19,736
	<hr/>	<hr/>
	9,608,087	9,330,229
	<hr/>	<hr/>
Expenditures		
Arena	5,079,832	4,785,847
General and administration	1,328,251	1,363,394
Insurance	1,060,616	1,064,308
Tournaments	728,697	686,504
Clinics	348,993	269,257
Branch member service costs	280,871	249,074
Marketing	170,978	284,617
Legacy fund	165,989	205,489
	<hr/>	<hr/>
	9,164,227	8,908,490
	<hr/>	<hr/>
Excess of revenue over expenditures	\$ 443,860	\$ 421,739

See accompanying notes

# GREATER TORONTO HOCKEY LEAGUE

Statements of Changes in Fund Balances  
Years ended April 30, 2013 and April 30, 2012

	Contingency reserve	Legacy fund	2013 Total
Balance, April 30, 2012	\$ 2,217,257	\$ 134,386	\$ 2,351,643
Excess of revenue over expenditures	354,645	89,215	443,860
<u>Balance, April 30, 2013</u>	<u>\$ 2,571,902</u>	<u>\$ 223,601</u>	<u>\$ 2,795,503</u>

	Contingency reserve	Legacy fund	2012 Total
Balance, May 1, 2011	\$ 1,929,904	\$ -	\$ 1,929,904
Excess of revenue over expenditures	287,353	134,386	421,739
<u>Balance, April 30, 2012</u>	<u>\$ 2,217,257</u>	<u>\$ 134,386</u>	<u>\$ 2,351,643</u>

## GREATER TORONTO HOCKEY LEAGUE

### Statements of Cash Flows

Years ended April 30, 2013 and April 30, 2012

	2013	2012
Operating activities		
Excess of revenue over expenditures	\$ 443,860	\$ 421,739
Item not involving cash		
Amortization, included in general and administration	1,012	7,374
	<u>444,872</u>	<u>429,113</u>
Net change in non-cash working capital items		
Accounts receivable	(813,649)	139,061
Prepaid expenses	(10,603)	(20,258)
Accounts payable and accrued liabilities	103,008	108,204
Deferred revenue	863,265	60,290
	<u>142,021</u>	<u>287,297</u>
Cash flows from operating activities	<u>586,893</u>	<u>716,410</u>
Investing activities		
Purchase of equipment and leasehold improvements	(8,675)	-
Net purchase of marketable securities	(32,498)	(1,661,338)
Cash flows from investing activities	<u>(41,173)</u>	<u>(1,661,338)</u>
Net change in cash during the year	545,720	(944,928)
Cash, beginning of year	701,744	1,646,672
Cash, end of year	<u>\$ 1,247,464</u>	<u>\$ 701,744</u>

See accompanying notes

# GREATER TORONTO HOCKEY LEAGUE

## Notes to Financial Statements

Years ended April 30, 2013 and 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. 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 lives 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 arm's 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 Financial Statements

Years ended April 30, 2013 and April 30, 2012

#### 2. 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. In fiscal 2013, there were no contributions (2012 - \$Nil).

#### 3. First-time adoption of ASNPO

These are the first financial statements for which GTHL has applied ASNPO. These financial statements for the year ended April 30, 2013 were prepared in accordance with ASNPO. Comparative year information presented for the year ended April 30, 2012 was prepared in accordance with ASNPO and the provisions set out in Section 1501 First-time adoption.

The date of transition to ASNPO is May 1, 2011. GTHL's transition to ASNPO has had no significant impact on the opening fund balances as at May 1, 2011 or the statements of revenue and expenditures, changes in fund balances and cash flows for the year ended April 30, 2012.

As a result, the reconciliations and disclosures required by Section 1501 First-time adoption have not been presented in these notes to the financial statements.

## GREATER TORONTO HOCKEY LEAGUE

### Notes to Financial Statements

Years ended April 30, 2013 and April 30, 2012

#### 4. Equipment and leasehold improvements

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

	Cost	Accumulated amortization	April 30, 2013 Net
Equipment	\$ 113,224	\$ 105,561	\$ 7,663
Leasehold improvements	17,125	17,125	-
	<u>\$ 130,349</u>	<u>\$ 122,686</u>	<u>\$ 7,663</u>

	Cost	Accumulated amortization	April 30, 2012 Net
Equipment	\$ 87,424	\$ 87,424	\$ -
Leasehold improvements	17,125	17,125	-
	<u>\$ 104,549</u>	<u>\$ 104,549</u>	<u>\$ -</u>

	Cost	Accumulated amortization	May 1, 2011 Net
Equipment	\$ 87,424	\$ 84,131	\$ 3,293
Leasehold improvements	17,125	13,045	4,080
	<u>\$ 104,549</u>	<u>\$ 97,176</u>	<u>\$ 7,373</u>

#### 5. Accounts payable and accrued liabilities

Included in accounts payable are Government remittances owing of \$Nil (2012 - \$Nil; 2011 - \$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.

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

# GREATER TORONTO HOCKEY LEAGUE

## Notes to Financial Statements

Years ended April 30, 2013 and April 30, 2012

### 7. 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 two fiscal years is as follows:

2014	\$	145,250
2015		<u>28,700</u>
	\$	<u>173,950</u>

### 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, 2013 is \$Nil (2012 - \$Nil; 2011 - \$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.

## **GREATER TORONTO HOCKEY LEAGUE**

### **Notes to Financial Statements**

**Years ended April 30, 2013 and April 30, 2012**

#### **9. 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.