DARTMOUTH WHALERS MINOR HOCKEY ASSOCIATION

FINANCIAL STATEMENTS

APRIL 30, 2020

bakertilly

DARTMOUTH WHALERS MINOR HOCKEY ASSOCIATION
INDEX
APRIL 30, 2020

---

bakertilly

Baker Tilly Nova Scotia Inc.
Suite 201, 130 Eileen Stubbs Ave
Dartmouth, NS
Canada B3B 2C4

D: +1 902.404.4000
F: +1 902.404.3099

halifax@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITORS' REPORT

To the Members of:
Dartmouth Whalers Minor Hockey Association

Qualified Opinion

We have audited the financial statements of **Dartmouth Whalers Minor Hockey Association** ("the Association"), which comprise the statement of financial position as at April 30, 2020 and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at April 30, 2020, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many non-profit organizations, the Dartmouth Whalers Minor Hockey Association derives revenue from various sources including registration and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets, and net assets as at April 30, 2019 and April 30, 2020.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.

Baker Tilly Nova Scotia Inc

Dartmouth, Nova Scotia
December 14, 2021

Chartered Professional Accountants

DARTMOUTH WHALERS MINOR HOCKEY ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2020

	2020 $	2019 $
REVENUES		
Registration and tryouts	**588,905**	562,594
Ice recovery	**70,249**	39,937
Checking and conditioning	**16,255**	26,655
Development	**4,785**	17,706
Merchandise sales	**1,894**	13,350
Sponsorships	**20,141**	24,569
Tournaments	**9,091**	3,600
Donations	**11,875**	32,917
Interest	**1,966**	989
Other	**8,911**	12,192
Whaler's marketing fee	**1,181**	1,400
League fees	**2,220**	2,405
	737,473	738,314
EXPENSES		
Ice rental	**420,135**	412,799
Officiating	**67,071**	69,000
CHA fees and insurance	**62,652**	65,306
Development		
Players	**(385)**	1,409
Coaches	**4,675**	3,400
Technical director	**61,024**	60,187
Amortization	**21,161**	28,364
Office	**7,585**	18,679
Bank charges	**14,121**	13,099
Professional fees	**41,428**	7,076
Tournaments	**9,635**	7,097
Registration assistance	**-**	4,149
Bad debts	**-**	451
Equipment and awards	**1,403**	19,400
Board honorariums	**9,128**	8,870
Sponsorship donations	**500**	2,395
	720,133	721,681
EXCESS OF REVENUES OVER EXPENSES	**17,340**	16,633
NET ASSETS - beginning of year	**111,217**	94,584
NET ASSETS - end of year	**128,557**	111,217

DARTMOUTH WHALERS MINOR HOCKEY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2020

	2020	2019
	$	$
ASSETS		
CURRENT		
Cash	**88,537**	13,234
Accounts receivable	**5,051**	6,290
Investments (Note 4)	**91,483**	51,376
	185,071	70,900
INVESTMENTS (Note 4)	**-**	70,119
CAPITAL ASSETS (Note 5)	**29,376**	47,157
	214,447	188,176
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**49,518**	51,864
Deferred revenue - externally restricted funds (Note 6)	**6,009**	8,240
Deferred revenue - capital asset contributions (Note 7)	**11,875**	16,855
Deferred revenue - player credits	**18,488**	-
	85,890	76,959
NET ASSETS		
UNRESTRICTED	**128,557**	111,217
	214,447	188,176

SIGNIFICANT EVENT (Note 9)

Approved by the Board

Paul Ross
______________________________ **President**

Chantelle Mahoney
______________________________ **Treasurer**

DARTMOUTH WHALERS MINOR HOCKEY ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2020

	2020	2019
	$	$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Excess of revenues over expenses	**17,340**	16,633
Item not affecting cash		
Amortization	**21,161**	28,364
	38,501	44,997
Changes in non-cash working capital items		
Accounts receivable	**1,239**	-
Accounts payable and accrued liabilities	**(2,346)**	29,901
Deferred revenue - externally restricted funds	**(2,231)**	2,796
Deferred revenue - capital asset contributions	**(4,980)**	(6,355)
Deferred revenue - player credits	**18,488**	-
	48,671	71,339
INVESTING		
Acquisition of investments	**(68,445)**	(77,469)
Disposition of investments	**98,457**	-
Acquisition of capital assets	**(3,380)**	(1,562)
	26,632	(79,031)
CHANGE IN CASH	**75,303**	(7,692)
CASH - beginning of year	**13,234**	20,926
CASH - end of year	**88,537**	13,234

1. OPERATIONS

Dartmouth Whalers Minor Hockey Association ("the Association") is a non-profit recreational sport society incorporated under the Nova Scotia Societies Act. The Association is responsible for all minor hockey activities within the boundaries established by the Nova Scotia Minor Hockey Council.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash

Cash consists of bank balances held with a financial institution.

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and method over their estimated useful lives:

Hockey equipment	5 years	Straight-line
Jerseys	4 years	Straight-line
Office equipment	4 years	Straight-line

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the capital assets.

Unrestricted contributions are recognized as revenue in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Income taxes

The Association is a registered non-profit organization under the meaning assigned in Section 149.1 (1) of the Income Tax Act and as such is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed goods and services

The Association benefits from donated services in the form of volunteer time and goods as support for various programs and objectives of the Association. Due to the difficulty of determining their fair value, these contributed goods and services are not recognized in these financial statements.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in excess of revenues over expenses.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as useful lives of capital assets, uncollectible accounts receivable and certain accrued liabilities. Actual results could differ from those estimates.

3. BANK INDEBTEDNESS

The Association has a credit card limit in the amount of $200,000. At April 30, 2020 the balance on the credit card was $381 (2019 - $35,931).

4. INVESTMENTS

	Rate	Maturity Date	**2020** **$**	2019 $
Short-term:				
GIC	2.22 %	May 8, 2020	**7,663**	-
GIC	2.70 %	May 21, 2020	**23,039**	-
GIC	2.04 %	September 10, 2020	**60,781**	-
Matured GIC	2.06 %	September 10, 2019	**-**	44,839
Matured GIC	1.79 %	December 9, 2019	**-**	6,537
			91,483	51,376
Long-term:				
GIC	2.70 %	May 21, 2020	**-**	70,119

5. CAPITAL ASSETS

	Cost $	Accumulated Amortization $	**Net 2020 $**	Net 2019 $
Hockey equipment	22,502	19,711	**2,791**	7,291
Jerseys	275,349	248,857	**26,492**	39,680
Office equipment	1,363	1,270	**93**	186
	299,214	269,838	**29,376**	47,157

6. DEFERRED REVENUE - EXTERNALLY RESTRICTED

Deferred revenue consists of externally restricted contributions received for the Mary-Beth Chaulk Fund. The funds received are designated for registration assistance. Changes in deferred revenue are as follows:

	2020 $	2019 $
Balance - beginning of year	**8,240**	5,444
Amount recognized as revenue	**(6,476)**	(4,149)
Amounts received related to future periods	**4,245**	6,945
	6,009	8,240

7. DEFERRED REVENUE - CAPITAL ASSET CONTRIBUTIONS

Deferred revenue constists of sponsorship revenue received for the purchase of jerseys and contributed hockey equipment. These revenues are amortized over the life of the underlying capital assets. Changes in deferred revenue are as follows:

	2020	2019
	$	$
Balance - beginning of year	**16,855**	23,210
Amount recognized as revenue	**(14,980)**	(13,855)
Amounts received related to future periods	**10,000**	7,500
	11,875	16,855

8. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at April 30, 2020.

It is management's opinion that the Association is not exposed to significant market, currency, interest rate and other price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association generates sufficient cash flow from operating activities to fund operations and has sufficient financing facilities available to fulfil obligations as they become due.

8. FINANCIAL INSTRUMENTS (Continued)

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 discharge an obligation. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash, accounts receivable and investments. The Association deposits its cash in and purchases investments from a reputable financial institution and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from member accounts receivable. The Association believes this credit risk is minimized as the Association has a large and diverse member base. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

9. SIGNIFICANT EVENT

On March 11, 2020, the World Health Organization (WHO) announced a pandemic due to a rapid increase in global exposure of a new strain of coronavirus (COVID-19). The outbreak of COVID-19 is having a significant negative impact on world financial markets and general business activities. The Province of Nova Scotia declared a provincial state of emergency on March 22, 2020 to help stop the spread of COVID-19 and the timing of recovery is unknown.

While the impact of COVID -19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the business operations, including the duration and impact on overall operations, cannot be reliably estimated at this time. Management anticipates this may have an adverse impact on the Association's results of operations, financial position and cash flows in subsequent years. Management has not applied for any relief measures.

10. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.