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**NEPEAN MINOR HOCKEY ASSOCIATION**

**FINANCIAL STATEMENTS**

**MAY 31, 2004**

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## AUDITOR'S REPORT

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To the Members of the  
Nepean Minor Hockey Association

I have audited the statement of financial position of The Nepean Minor Hockey Association as at May 31, 2004 and the statements of revenue, expenses and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an audit opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many similar organizations, the Association derives revenue from fund-raising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to fundraising revenues, excess of revenue over expenses, assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at May 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Thomas Foran*

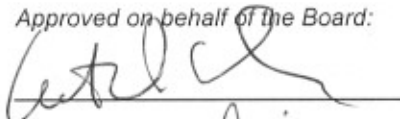
Chartered Accountant

Ottawa, Ontario  
March 28, 2005

**NEPEAN MINOR HOCKEY ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MAY 31, 2004**

	2004	2003
	\$	\$
<b>ASSETS</b>		
Current		
Cash	270,911	238,148
Investments, at cost which approximates market value	102,756	100,652
Accounts receivable	6,750	2,181
Prepaid expenses	678	505
Inventory	19,837	22,940
	400,932	364,426
Office equipment	37,160	35,609
Less: accumulated amortization	36,384	35,609
	776	-
	401,708	364,426
<b>LIABILITIES AND NET ASSETS</b>		
Current		
Accounts payable	11,487	36,931
Taxes payable	1,219	1,219
Deferred revenue	192,790	191,188
Equipment deposits refundable	5,000	5,500
	210,496	234,838
Net assets		
Charlie Conacher fund (note 4)	2,223	2,180
Internally restricted sweater fund	80,000	-
General fund	108,989	127,408
	191,212	129,588
	401,708	364,426

Approved on behalf of the Board:

 \_\_\_\_\_, President

 \_\_\_\_\_, Vice-President

(See accompanying notes to the financial statements)

**NEPEAN MINOR HOCKEY ASSOCIATION**  
**STATEMENT OF REVENUE, EXPENSES AND NET ASSETS**  
**FOR THE YEAR ENDED MAY 31, 2004**

	2004	2003
	\$	\$
Revenue		
Registration	659,950	625,898
Ice rentals	268,022	237,995
Tournaments	45,112	36,157
Team sponsor contributions	15,600	14,700
Interest	2,058	2,774
Camps, clinics and tryouts	70,182	74,433
Miscellaneous	34,317	36,399
	1,095,241	1,028,356
Expenses		
Ice rental (note 6)	595,367	539,988
Tournaments	6,346	15,530
Referees and timekeepers	124,196	97,774
Office and administration	60,974	86,273
Players' equipment	56,869	83,605
Insurance	49,082	47,758
Team registration fees	36,997	43,216
Clinics and camps	33,062	32,142
Development program	20,755	19,335
Year-end awards	12,150	10,307
Coaches and trainers	1,935	5,111
Coach development	16,551	8,560
Player assistance	2,671	1,320
Legal and audit	1,800	3,699
Executive and general meetings	6,344	7,822
Amortization	776	201
Miscellaneous	15,615	14,338
	1,041,490	1,016,979
Income from operations	53,751	11,377
Fundraising activities - net of costs	7,830	11,065
	61,581	22,442
Excess of revenues over expenses for the year		
Net assets, beginning of year	127,408	104,966
	188,989	127,408
Interfund transfer for sweater fund	80,000	-
	108,989	127,408
Net general assets, end of year	108,989	127,408

(See accompanying notes to the financial statements)

**NEPEAN MINOR HOCKEY ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31, 2004**

	2004	2003
	\$	\$
Cash provided by (used in)		
operating activities:		
Excess of revenue over expenses for the year	61,581	22,442
Non cash expense - amortization	776	201
Change in non-cash working capital items (note 5)	(25,982)	(17,426)
	36,375	5,217
Cash provided by (used in)		
investing activities:		
Interest earned by Trust fund	43	54
Purchase of capital assets	(1,551)	-
	(1,508)	54
Increase in cash and cash equivalents during the year	34,867	5,271
Cash and cash equivalents, beginning of year	338,800	333,529
Cash and cash equivalents, end of year	373,667	338,800
Cash and cash equivalents:		
Cash	270,911	238,148
Investments	102,756	100,652
	373,667	338,800

(See accompanying notes to the financial statements)

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**NEPEAN MINOR HOCKEY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**MAY 31, 2004**

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**1. Nature of operations**

The Association is incorporated as a non-profit organization under The Corporations Act of Ontario. As such it is exempt from income taxes.

It is one of the largest hockey associations in Canada, with over 2,400 children playing in Initiation, House League and Competitive divisions. The objective of the Association is to foster and encourage the sport of minor hockey throughout the former City of Nepean (now Ottawa).

**2. Significant accounting principles**

The Association adheres to the following accounting policies:

(a) Office equipment

Office equipment is recorded at cost on the balance sheet. Amortization is calculated using the straight-line method over two years.

(b) Hockey equipment

Hockey equipment is expensed in the year of acquisition.

(c) Fundraising activities

Fundraising activities from Bingo and raffle ticket sales are kept in separate funds.

(d) Deferred revenue

The deferred revenue consists of amounts received during the year, mainly registration fees, which pertain to the next fiscal year.

(e) Inventory

Inventory consists of items held for resale. These are valued at the lower of cost and net realizable value.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments.

**3. Financial instruments**

The Association's financial instruments consist of cash, accounts receivable, temporary investments and accounts payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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**NEPEAN MINOR HOCKEY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**MAY 31, 2004**

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**4. Charlie Conacher fund**

The Association is the trustee of The Charlie Conacher Fund. The purpose of the fund is to finance projects, not operations, at the discretion of the Board. The activity in this account, during the year, is as follows:

	2004	2003
	\$	\$
Balance, beginning of year	2,180	2,126
Interest	43	54
	<u>2,223</u>	<u>2,180</u>

**5. Change in non-cash working capital amounts**

The change in non-cash working capital amounts consists of the following:

	2004	2003
	\$	\$
Accounts receivable	(4,569)	7,160
Prepaid expenses	(173)	5,826
Inventory	3,103	18,704
Accounts payable	(25,445)	2,569
Taxes payable	-	142
Deferred revenue	1,602	(54,527)
Equipment deposits	(500)	2,700
	<u>(25,982)</u>	<u>(17,426)</u>

**6. Ice rental**

The Association rents its ice time from the City of Ottawa.

**7. Volunteer services**

The activities of the Association are dependent upon the voluntary services of many of its members. No amounts are reflected in the financial statements for these contributed services since there is no objective basis available to measure the value of these services.

**8. Commitments**

The Association and another company have entered into an arrangement to share office space. Under this arrangement the two parties have jointly entered into an operating lease with a landlord for a period of five years commencing August 1, 2004. The joint lease commitment is for \$13,180 per annum plus operating costs, which are expected to be approximately \$7,400 in the first year of the lease. The Association's share of the costs is approximately 57%.