
HOCKEY EDUCATION REACHING OUT SOCIETY

Financial Statements

August 31, 2015

HOCKEY EDUCATION REACHING OUT SOCIETY

Statement of Financial Position

As At

	August 31 2015	August 31 2014
Assets		
Current		
Cash and cash equivalents	\$ 190,860	\$ 185,263
HST/GST receivable	6,416	4,216
Prepaid expenses	7,943	-
Restricted cash (Note 3)	300,000	150,000
	505,219	339,479
Restricted cash (Note 3)	17,500	11,000
Capital Assets (Note 4)	58,372	67,777
	\$ 581,091	\$ 418,256

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 6,000	\$ 14,108
Deferred contributions and sponsorships (Note 3)	300,000	150,000
Payroll liabilities	5,982	10,981
	311,982	175,089
Deferred contributions (Note 3)	17,500	11,000
	329,482	186,089

Net Assets

Invested in Capital Assets	12,399	15,556
Unrestricted	232,962	216,611
	245,361	232,167
	\$ 574,843	\$ 418,256

Commitments (Note 6)

Approved On Behalf Of The Board:

Director: _____

Director: _____

(See accompanying notes to the financial statements)

HOCKEY EDUCATION REACHING OUT SOCIETY

Statement of Changes in Net Assets For The Year Ended August 31, 2015

August 31, 2015	Invested in Capital Assets	Unrestricted	Total
Net assets, beginning of year	\$ 15,556	\$ 216,611	\$ 232,167
Excess of revenues over expenditures	-	34,921	34,921
Amortization	(21,727)	-	(21,727)
Invested in capital assets	18,570	(18,570)	-
Net assets, end of year	\$ 12,399	\$ 232,962	\$ 245,361

August 31, 2014	Invested in Capital Assets	Unrestricted	Total
Net assets, beginning of year	\$ 34,892	\$ 226,505	\$ 261,397
Deficiency of revenues over expenditures	-	(4,672)	(4,672)
Amortization	(24,558)	-	(24,558)
Invested in capital assets	5,222	(5,222)	-
Net assets, end of year	\$ 15,556	\$ 216,611	\$ 232,167

(See accompanying notes to the financial statements)

HOCKEY EDUCATION REACHING OUT SOCIETY

Statement of Operations For The Year Ended

	August 31 2015	August 31 2014
Revenues		
Unrestricted donations	\$ 111,911	\$ 203,414
Restricted donations	111,105	43,100
Sponsorships	375,000	313,100
Donations in-kind	5,712	34,280
Other income	25,182	6,871
Loss on disposal of capital assets	(6,248)	(32,814)
	<u>622,662</u>	<u>567,951</u>
Expenditures		
Amortization	21,727	24,558
Bank charges	683	619
Donor recognition	289	428
Equipment repairs and maintenance	16,802	6,170
Ice rink rental	38,415	39,963
Insurance	12,668	15,485
Meals and promotion	9,950	8,363
Meals - volunteers	7,674	10,638
Miscellaneous	6,416	5,149
Office and sundry	5,965	7,861
Professional fees	19,546	23,428
Program food	9,931	7,681
Program supplies	38,110	53,911
Program transportation	28,700	22,163
Programming	53,548	47,971
Public awareness	4,841	1,182
Salaries and benefits	230,157	216,932
Scholarships	10,462	11,490
Telephone	2,896	6,521
Travel, conferences and tournaments	84,440	86,668
	<u>603,220</u>	<u>597,181</u>
Excess (deficiency) of Revenues Over Expenditures	<u>19,442</u>	<u>(29,230)</u>

(See accompanying notes to the financial statements)

HOCKEY EDUCATION REACHING OUT SOCIETY

Statement Of Cash Flows For The Year Ended

	August 31 2015	August 31 2014
Cash flows from operating activities		
Excess (Deficiency) of Revenues over Expenditures	\$ 19,442	\$ (29,230)
Items not affecting cash		
Amortization	21,727	24,558
Donation in-kind	(5,712)	(34,280)
Loss on disposal of capital assets	6,248	32,814
Ice rink rental and other in-kind expenses	5,712	14,280
Write-off of incorporation costs	-	800
	<hr/> 47,417	<hr/> 8,942
Change in non-cash working capital		
HST/GST receivable	(2,199)	21,815
Prepaid expenses	(7,944)	6,796
Accounts payable and accrued liabilities	(13,107)	5,813
Deferred contributions	156,500	161,000
	<hr/> 180,667	<hr/> 204,366
Cash flows from investing activities		
Additions to capital assets	<hr/> (18,570)	<hr/> (5,222)
Increase (decrease) in cash	162,097	199,144
Cash and cash equivalents, beginning of period	<hr/> 346,263	<hr/> 147,119
Cash and cash equivalents, end of period	<hr/> <hr/> \$ 508,360	<hr/> <hr/> \$ 346,263
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 190,860	\$ 185,263
Restricted cash		
Current	300,000	150,000
Non-current	17,500	11,000
	<hr/> \$ 508,360	<hr/> \$ 346,263

(See accompanying notes to the financial statements)

HOCKEY EDUCATION REACHING OUT SOCIETY

Notes To The Financial Statements

August 31, 2015

1. Nature of Operations

Hockey Education Reaching Out Society ("the Society") is committed to empowering children of diverse ethnicity from economically challenged neighbourhoods in Vancouver, Sunshine Coast, Calgary, Edmonton, Winnipeg, Toronto and Montreal through ice hockey.

The Society's premise is to use ice hockey as a catalyst to attract youth to a program offering support for education, self esteem building and life skills training.

The Society is a not-for-profit organization and a registered charity incorporated under the Canada Corporations Act, Part II, as such the Society is exempt from income taxes provided certain requirements under the Income Tax Act (Canada) are met. In the opinion of management, these requirements have been met.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook, Accounting Standards for Not for Profit Organizations, the most significant of which are described as follows:

Cash and cash equivalents

Cash and cash equivalents include cash and short-term notes with terms to maturity of 90 days or less at date of acquisition.

Capital Assets

Capital assets are recorded at cost except for donated assets, which are recorded at fair value at the date of acquisition. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computers	- 40% declining balance
Hockey equipment	- 30% declining balance

Only 50% of amortization is recognized in the year of acquisition.

Revenue Recognition

The Society uses the deferral method of accounting for contributions. Under this method, restricted contributions are recognized as revenue in the period the related expenditure is incurred. In the current year there was \$111,105 of restricted contributions made to the Society from various contributors (2014 - \$43,100). Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sponsorship revenues are recognized in the year it relates to and as stipulated in the specific sponsorship agreement.

Other income is recognized on an accrual basis.

HOCKEY EDUCATION REACHING OUT SOCIETY

Notes To The Financial Statements August 31, 2015

2. Significant Accounting Policies (continued)

Donated Goods and Services

From time to time the Society receives contributions by way of donated goods and services.

The Society recognizes these donated contributions at their fair market value where the fair value can readily be obtained and they would be otherwise purchased if not donated. When an estimated fair value cannot readily be obtained, the related contribution would be recognized at nominal value.

The Society relies on time donated by volunteers for a portion of its operations. The value of volunteers' donated services thereto cannot be reasonably estimated and therefore is not recorded in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with the Canadian accounting standards for non-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of the revenue and expenses recorded during the reporting periods. The most significant application of estimates in these financial statements are the determination of the fair value of donated good and services and the determination of the useful lives of property and equipment. Actual results could differ from those estimates.

Financial Instruments

The Society's financial instruments consist of cash and cash equivalents, HST/GST receivable and accounts payable and accrued liabilities. Financial instruments are recorded at fair value on initial recognition.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, and if the Society determines there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the: (i) present value of the expected cash flows, (ii) the amount that could be realized from selling the financial asset or (iii) the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

3. Deferred Contributions and Sponsorships

Deferred contributions and sponsorships represent unspent resources, externally restricted, for introducing a new hockey camp to the Bowness community of Calgary, Alberta, scholarships for the kids in the future. The Telus 2016 sponsorship was prepaid by Telus as it related to the period September 1, 2015 to August 31, 2016. These restricted operating funds received in the current year are related to subsequent periods. Changes in the deferred contribution and sponsorship balances during the year are as follows:

2015	Telus Sponsorship	Scholarship Fund	Bowness Program	Total
Balance, beginning of year	\$ -	\$ 11,000	\$ 150,000	\$ 161,000
Funds received	200,000	6,500	-	206,500
Amount recognized as revenue	-	-	(50,000)	(50,000)
Balance, end of the year	200,000	\$ 17,500	\$ 100,000	\$ 317,500

HOCKEY EDUCATION REACHING OUT SOCIETY

Notes To The Financial Statements August 31, 2015

4. Capital Assets

August 31, 2015	Cost	Accumulated Amortization	Net Book Value
Computers	\$ 19,837	\$ 16,941	\$ 2,896
Hockey equipment	182,487	127,011	55,476
	<u>\$ 202,324</u>	<u>\$ 143,952</u>	<u>\$ 58,372</u>

August 31, 2014	Cost	Accumulated Amortization	Net Book Value
Computers	\$ 19,837	\$ 15,010	\$ 4,827
Hockey equipment	178,917	115,967	62,950
	<u>\$ 198,754</u>	<u>\$ 130,977</u>	<u>\$ 67,777</u>

5. Financial Instruments

The Society's risk exposure and the impact on the Society's financial instruments are summarized as below:

Credit Risk

Credit risk is the risk to the Society of financial loss due to a counterparty to a financial instrument failing to meet its contractual obligations. The Society is not exposed to significant credit risk due to the short term nature of its cash and cash equivalents nor on its HST/GST receivable owed from the federal government.

Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The majority of the Society's assets are held in cash and cash equivalents that can readily be liquidated and therefore the Society's liquidity risk is minimal.

Market Risk

Market risk is the risk that changes in market prices due to foreign exchange rate changes, interest rates and equity prices will affect the Society's income or the value of its financial instruments.

i) Other Price Risk

The Society is not engaged in selling goods and services to fund its operations and therefore, it is not exposed to the risk due to any price fluctuation.

HOCKEY EDUCATION REACHING OUT SOCIETY

Notes To The Financial Statements August 31, 2015

5. Financial Instruments (continued)

ii) Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Society's majority of donations and expenses are dominated by Canadian dollars and therefore it is not exposed to currency risk.

iii) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Society does not have any loan outstanding and therefore is not exposed to interest rate risk.

6. Commitments

The Society received a commitment for sponsorship of \$400,000 over the next 2 fiscal years (2016 - \$200,000 (has been received), 2017 - \$200,000). There are no restrictions on the use of this sponsorship, collection is reasonably assured and amounts will be recognized in the year stipulated in the sponsorship agreement. See also note 3.

7. Comparative Figures

Certain comparative figures have been reclassified to conform with the current period's presentation.