
HOCKEY EDUCATION REACHING OUT SOCIETY

Financial Statements

August 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of:

Hockey Education Reaching Out Society

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the Hockey Education Reaching Out Society (the Society), which comprise the statement of financial position as at August 31, 2024, and the statement of operations and changes in net assets and statement of 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not for Profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we are not able to determine whether any adjustments might be necessary to fundraising revenues, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2024 and 2023, current assets as at August 31, 2024 and 2023, and net assets as at August 31, 2024 and 2023. Our audit opinion on the financial statements for the year ended August 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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

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

Auditor's 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 auditor's 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Emphasis of Matter - Restated Comparative Information

Note 7 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

As part of our audit of the financial statements for the year ended August 31, 2024, we also audited the adjustments that were applied to restate certain of the comparative information presented for the year ended August 31, 2023. In our opinion, such adjustments are appropriate and have been properly applied.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles applied in preparing and presenting the financial statements in accordance with in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis with that of preceding year.



Burnaby, B.C.
December 18, 2024

KANESTER JOHAL LLP
Chartered Professional Accountants

HOCKEY EDUCATION REACHING OUT SOCIETY

Statement of Financial Position

As At August 31, 2024

	2024	Restated (Note 7) 2023
Assets		
Current		
Cash and cash equivalents	\$ 1,710,159	\$ 1,475,298
Accrued interest receivable	5,293	-
GST receivable	13,570	10,301
Prepaid expenses and deposits	4,577	560
	<hr/>	<hr/>
	1,733,599	1,486,159
Capital Assets (Note 3)	41,086	40,455
	<hr/>	<hr/>
	\$ 1,774,685	\$ 1,526,614
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Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 12,025	\$ 14,197
Deferred contributions	45,000	14,560
Payroll liabilities	20,526	6,148
CEBA Loan (Note 5)	-	40,000
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	77,551	74,905
Net Assets	1,697,134	1,451,709
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	\$ 1,774,685	\$ 1,526,614
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Approved On Behalf Of The Board:

Director: _____

Director: _____

(See accompanying notes to the financial statements)

HOCKEY EDUCATION REACHING OUT SOCIETY

Statement of Operations and Changes in Net Assets

For The Year Ended August 31, 2024

	2024	Restated (Note 7) 2023
Revenues		
Unrestricted donations	\$ 464,864	\$ 658,375
Restricted donations	463,840	323,357
Gala dinner	126,405	114,822
Donations in-kind	55,757	16,805
Interest income (Note 7)	76,630	44,908
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	1,187,496	1,158,267
Expenditures		
Charitable Activities		
Marketing	37,184	50,447
Amortization - hockey equipment	13,966	11,216
Donor Recognition	3,411	-
Equipment repairs and maintenance	59,135	17,862
Gala dinner	120,677	70,829
Ice rink rental	87,794	75,949
Insurance	11,585	11,531
Meals and promotion	2,524	4,351
Meals - volunteers	18,817	11,748
Programming	27,684	31,950
Program supplies	58,773	50,157
Salaries and benefits	277,902	269,983
Scholarships	11,424	32,143
Supplies	21,549	27,617
Travel - programs, conferences, and tournaments	128,864	118,841
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	881,289	784,624
Management and Administration		
Amortization - computer equipment	600	1,233
Bank charges	9,395	3,596
Insurance	3,862	3,844
Meals and promotion	2,524	4,351
Office supplies	3,000	657
Professional fees	28,829	31,509
Storage	10,872	5,372
	<hr/>	<hr/>
	59,082	50,562
Total Expenditures	940,371	835,186
Other Items		
Other income	-	1,583
Gain (Loss) on disposal of investments	(1,700)	(1,201)
	<hr/>	<hr/>
Excess of Revenues Over Expenditures	245,425	323,463
Net Assets, beginning of year	1,451,709	1,128,246
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Net Assets, end of year	\$ 1,697,134	\$ 1,451,709

(See accompanying notes to the financial statements)

HOCKEY EDUCATION REACHING OUT SOCIETY

Statement Of Cash Flows

For The Year Ended August 31, 2024

	2024	Restated (Note 7) 2023
Cash flows from operating activities		
Excess of Revenues over Expenditures	\$ 245,425	\$ 323,463
Items not affecting cash		
Amortization	14,566	12,447
Donation in-kind	(55,757)	(16,805)
In-kind expenses	55,757	16,805
Gain (loss) on disposal of investments	-	1,201
	<u>259,991</u>	<u>337,111</u>
Change in non-cash working capital		
Accrued interest receivable	(5,293)	-
GST receivable	(3,269)	(5,059)
Prepaid expenses	(4,017)	(560)
Accounts payable and accrued liabilities	(2,172)	(3,639)
Deposits	30,440	(7,940)
Payroll liabilities	14,378	(521)
	<u>30,067</u>	<u>(17,719)</u>
	290,058	319,392
Cash flows from investing activities		
Additions of capital assets	(15,197)	(24,484)
Cash flows from financing activities		
CEBA loan repayment	(40,000)	-
	<u>234,861</u>	<u>294,908</u>
Increase in cash and cash equivalents	234,861	294,908
Cash and cash equivalents, beginning of year	<u>1,475,298</u>	<u>1,180,390</u>
Cash and cash equivalents, end of year	<u>\$ 1,710,159</u>	<u>\$ 1,475,298</u>
Cash and cash equivalents consist of:		
Cash	\$ 1,710,159	\$ 1,475,298
Cash equivalents	-	-
	<u>\$ 1,710,159</u>	<u>\$ 1,475,298</u>

(See accompanying notes to the financial statements)

HOCKEY EDUCATION REACHING OUT SOCIETY

Notes To The Financial Statements

August 31, 2024

1. Purpose and Nature of Operations

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

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 Canadian Accounting Standards for Not for Profit Organizations (ASNPO) applied within the framework of the accounting policies summarized below:

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. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Society's ability to provide service, its carrying amount is written down to its residual value. 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

Impairment of Capital Assets

The carrying value of capital assets is periodically reviewed for impairment. A capital asset is considered impaired whenever events or changes in circumstances indicate that the capital asset no longer contributes to the Society's ability to provide services, or that the value of the future economic benefits or long-term service potential of the capital asset is less than its net carrying amount. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

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 \$463,840 (2023 - \$323,567) of restricted contributions made to the Society from various contributors. 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.

HOCKEY EDUCATION REACHING OUT SOCIETY

Notes To The Financial Statements August 31, 2024

2. Significant Accounting Policies (continued)

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.

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.

Government Assistance

Government assistance toward current expenses or revenues is included in the determination of net income for the period. When the Society becomes entitled to receive a forgivable loan, it is accounted for in the same manner as a grant. The liability to repay the government assistance is accounted for in the period in which conditions arise that will cause government assistance to be repayable.

HOCKEY EDUCATION REACHING OUT SOCIETY

Notes To The Financial Statements August 31, 2024

2. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Investments are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instrument at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs which are amortized using the straight-line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If 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. Capital Assets

The Society's capital assets are as follows:

August 31, 2024	Cost	Accumulated Amortization	2024 Net Book Value
Computers	\$ 5,641	\$ 4,741	\$ 900
Hockey Equipment	91,741	51,555	40,186
	\$ 97,382	\$ 56,296	\$ 41,086

August 31, 2023	Cost	Accumulated Amortization	2023 Net Book Value
Computers	\$ 5,641	\$ 4,141	\$ 1,500
Hockey Equipment	76,544	37,589	38,955
	\$ 82,185	\$ 41,730	\$ 40,455

HOCKEY EDUCATION REACHING OUT SOCIETY

Notes To The Financial Statements August 31, 2024

4. Financial Instruments

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 and deals with creditworthy counterparties to mitigate risks. The GST receivable is 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.

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 denominated 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 earns interest income on cash and cash equivalents held at its bank. Future cash flows may fluctuate with changes in the interest rates.

HOCKEY EDUCATION REACHING OUT SOCIETY

Notes To The Financial Statements August 31, 2024

5. Government Assistance

CEBA Loan

During prior fiscal years the society repaid the CEBA loan from the government of Canada in the amount of \$40,000 in total.

6. Remuneration of directors and employees

Under the British Columbia Societies Act, societies must disclose remuneration paid to directors and to employees whose remuneration was at least \$75,000 for the fiscal year. During the year, the Company had two employees earning on or above \$75,000.

The Society paid \$277,902 in remuneration to three employees during the applicable period.

7. Restatement of 2023 Financial statements

During the year ended August 31, 2024, the Society, identified an error in its previously issued financial statements for the year ended August 31, 2023. The error was related to the to the recognition interest income in the prior year. As a result the financial statements for the year ended August 31, 2023 have been restated to correct this error.

The impact of of the restatement on the previously issued financial statements is summarized as follows:

Description	As previously Reported	Adjustment	As Restated
Assets (cash and cash equivalents)	1,481,706	44,908	1,526,614
Interest income	-	44,908	44,908