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**Capital City Condors**  
**Financial Statements**  
**June 30, 2016 and 2017**

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# **McKECHNIE & Co.**

Suite 500, 1390 Prince of Wales Drive  
Ottawa, Ontario, K2C 3N6

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## **Independent Auditor's Report**

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To the Directors of Capital City Condors

We have audited the accompanying financial statements of Capital City Condors, which comprise the statement of financial position as at June 30, 2016 and 2017 and the statements of operations, changes in fund balances and cash flows for the years then ended, 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 qualified audit opinion.

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, Capital City Condors derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Additionally, the organization derives revenue from the sale of merchandise, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the record of Capital City Condors. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, fundraising revenue, sales revenue, excess of revenue over expense, and cash flows from operations for the years ended June 30, 2016 and 2017, current assets, current liabilities and fund balances as at June 30, 2016 and 2017.

*Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Capital City Condors as at June 30, 2016 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink, appearing to read "J. K. ... & Co.", is written in a cursive style.

Chartered Professional Accountants, Licensed Public Accountant

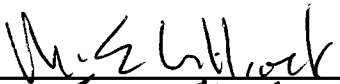

Ottawa, ON  
November 23, 2017

**Capital City Condors**  
**Statement of Financial Position**  
**As at June 30, 2016 and 2017**

|                                          | Condors          |                   | Blades           |                  | Total             |                   |
|------------------------------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|
|                                          | 2017             | 2016              | 2017             | 2016             | 2017              | 2016              |
| <b>Assets</b>                            |                  |                   |                  |                  |                   |                   |
| <b>Current</b>                           |                  |                   |                  |                  |                   |                   |
| Cash                                     | \$ 70,344        | \$ 101,274        | \$ 25,903        | \$ 23,358        | \$ 96,247         | \$ 124,632        |
| Accounts receivable                      | 4,740            | 300               | 0                | 0                | 4,740             | 300               |
|                                          | <u>\$ 75,084</u> | <u>\$ 101,574</u> | <u>\$ 25,903</u> | <u>\$ 23,358</u> | <u>\$ 100,987</u> | <u>\$ 124,932</u> |
| <b>Liabilities and Fund Balances</b>     |                  |                   |                  |                  |                   |                   |
| <b>Current</b>                           |                  |                   |                  |                  |                   |                   |
| Accounts payable and accrued liabilities | \$ 1,693         | \$ 18,173         | \$ 0             | \$ 0             | \$ 1,693          | \$ 18,173         |
| Deferred registration fees               | 2,800            | 0                 | 833              | 0                | 3,633             | 0                 |
|                                          | <u>4,493</u>     | <u>18,173</u>     | <u>833</u>       | <u>0</u>         | <u>5,326</u>      | <u>18,173</u>     |
| <b>Balance of funds (note 2)</b>         | <b>70,591</b>    | <b>83,401</b>     | <b>25,070</b>    | <b>23,358</b>    | <b>95,661</b>     | <b>106,759</b>    |
|                                          | <u>\$ 75,084</u> | <u>\$ 101,574</u> | <u>\$ 25,903</u> | <u>\$ 23,358</u> | <u>\$ 100,987</u> | <u>\$ 124,932</u> |

Commitments (note 5)

Approved on behalf of Capital City Condors:

 Director  
 Director

**Capital City Condors**  
**Statement of Operations and Change in Fund Balances**  
**For the year ended June 30, 2016 and 2017**

|                                                    | Condors          |                  | Blades           |                  | Total            |                   |
|----------------------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|                                                    | 2017             | 2016             | 2017             | 2016             | 2017             | 2016              |
| <b>Revenue</b>                                     |                  |                  |                  |                  |                  |                   |
| Donations                                          | \$ 45,462        | \$ 42,683        | \$ 8,468         | \$ 7,247         | \$ 53,930        | \$ 49,930         |
| Fundraising                                        | 44,631           | 26,323           | 11,449           | 6,608            | 56,080           | 32,931            |
| Golf tournament                                    | 85,315           | 86,279           | 0                | 0                | 85,315           | 86,279            |
| Grocery card program                               | 24,500           | 15,900           | 0                | 0                | 24,500           | 15,900            |
| Registrations                                      | 27,874           | 25,050           | 5,700            | 7,690            | 33,574           | 32,740            |
| Sales and other                                    | 12,213           | 9,535            | 6,767            | 7,452            | 18,980           | 16,987            |
| Special Hockey International Tournament            | 0                | 0                | 0                | 0                | 0                | 0                 |
|                                                    | <b>239,995</b>   | <b>205,770</b>   | <b>32,384</b>    | <b>28,997</b>    | <b>272,379</b>   | <b>234,767</b>    |
| <b>Expense</b>                                     |                  |                  |                  |                  |                  |                   |
| Bank charges and interest                          | 1,371            | 1,675            | 157              | 176              | 1,528            | 1,851             |
| Contracted services                                | 48,000           | 58,400           | 0                | 0                | 48,000           | 58,400            |
| Events                                             | 17,108           | 11,914           | 11,601           | 4,915            | 28,709           | 16,829            |
| Fees and travel                                    | 7,242            | 4,922            | 1,050            | 4,771            | 8,292            | 9,693             |
| Golf tournament                                    | 27,177           | 28,210           | 0                | 0                | 27,177           | 28,210            |
| Grocery cards                                      | 23,275           | 15,105           | 0                | 0                | 23,275           | 15,105            |
| Ice time                                           | 21,456           | 15,942           | 6,816            | 7,637            | 28,272           | 23,579            |
| Insurance                                          | 2,443            | 0                | 984              | 0                | 3,427            | 0                 |
| Miscellaneous                                      | 9,617            | 13,414           | 4,771            | 4,838            | 14,388           | 18,252            |
| Professional fees                                  | 0                | 5,650            | 0                | 0                | 0                | 5,650             |
| Rent                                               | 2,441            | 0                | 0                | 0                | 2,441            | 0                 |
| Supplies                                           | 23,975           | 28,511           | 5,293            | 1,336            | 29,268           | 29,847            |
| Tournament                                         | 68,700           | 0                | 0                | 0                | 68,700           | 0                 |
|                                                    | <b>252,805</b>   | <b>183,743</b>   | <b>30,672</b>    | <b>23,673</b>    | <b>283,477</b>   | <b>207,416</b>    |
| <b>(Deficiency) excess of revenue over expense</b> | <b>(12,810)</b>  | <b>22,027</b>    | <b>1,712</b>     | <b>5,324</b>     | <b>(11,098)</b>  | <b>27,351</b>     |
| Fund balances, beginning of year                   | 83,401           | 61,374           | 23,358           | 18,034           | 106,759          | 79,408            |
| <b>Fund balances, end of year</b>                  | <b>\$ 70,591</b> | <b>\$ 83,401</b> | <b>\$ 25,070</b> | <b>\$ 23,358</b> | <b>\$ 95,661</b> | <b>\$ 106,759</b> |

**Capital City Condors**  
**Statement of Cash Flows**  
**For the year ended June 30, 2016 and 2017**

|                                                    | Condors          |                   | Blades           |                  | Total            |                   |
|----------------------------------------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|
|                                                    | 2017             | 2016              | 2017             | 2016             | 2017             | 2016              |
| <b>Operating activities</b>                        |                  |                   |                  |                  |                  |                   |
| (Deficiency) excess of revenue over expense        | \$ (12,810)      | \$ 22,027         | \$ 1,712         | \$ 5,324         | \$ (11,098)      | \$ 27,351         |
| Change in non-cash working capital                 |                  |                   |                  |                  | 0                | 0                 |
| Accounts receivable                                | (4,440)          | 14,860            | 0                | 0                | (4,440)          | 14,860            |
| Accounts payable and accrued liabilities           | (16,480)         | 17,346            | 0                | (441)            | (16,480)         | 16,905            |
| Deferred registration fees                         | 2,800            | 0                 | 833              | 0                | 3,633            | 0                 |
| <b>(Decrease) increase in cash during the year</b> | <b>(30,930)</b>  | <b>54,233</b>     | <b>2,545</b>     | <b>4,883</b>     | <b>(28,385)</b>  | <b>59,116</b>     |
| Cash, beginning of year                            | 101,274          | 47,041            | 23,358           | 18,475           | 124,632          | 65,516            |
| <b>Cash, end of year</b>                           | <b>\$ 70,344</b> | <b>\$ 101,274</b> | <b>\$ 25,903</b> | <b>\$ 23,358</b> | <b>\$ 96,247</b> | <b>\$ 124,632</b> |

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**Capital City Condors**  
**Notes to the Financial Statements**  
**June 30, 2016 and 2017**

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**1. Purpose of the Organization**

Capital City Condors was incorporated under Part II of the Canada Corporations Act on February 7, 2011. It was continued under section 211 of the Canada Not-for-profit Corporations Act on October 15, 2014. It is a registered charity within the meaning of the Income Tax Act and is exempt from income tax. The organization's purpose is to provide individuals age 6 and up, deemed ineligible to play in regular hockey programs due to a disability, the opportunity to participate in an environment emphasizing fun, skill development, sportsmanship and teamwork.

**2. Significant Accounting Policies**

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

**Fund Accounting**

The Condors Fund reports the assets, liabilities, revenues and expenses related to the operations and administration of the Capital City Condors hockey team located in Ottawa, ON.

The Blades Fund reports the assets, liabilities, revenues and expenses related to the operations and administration of the Blades hockey team located in Cambridge, ON.

**Revenue Recognition**

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.

**Contributed Materials and Services**

Contributed materials and services are not recognized in the financial statements unless their fair value is determinable, the contributed materials or services are used in the normal course of business and would otherwise have been purchased, and their value is significant.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates.

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**Capital City Condors**  
**Notes to the Financial Statements**  
**June 30, 2016 and 2017**

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**2. Significant Accounting Policies (con't)**

**Financial Instrument Measurement**

Capital City Condors initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

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

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

**3. Financial Instrument Risk**

The Organization is exposed to various risks through its financial instruments. The following analysis presents the Organization's exposures to significant risk at June 30, 2016 and 2017.

**Credit Risk**

There are no existing accounts receivable that represent a substantial risk for the Organization.

**Liquidity Risk**

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. The Organization manages its liquidity risk by monitoring forecasted and actual cash flows and financial liability maturities. Accounts payable and accrued liabilities are generally repaid within 30 days.

**4. Deferred Registration Fees**

Deferred registration fees are comprised of registration fees received in the current year for the following hockey season.

**5. Commitments**

The Organization is committed under the terms of contracts for services until November 30, 2017 in the amount of \$4,000 per month.