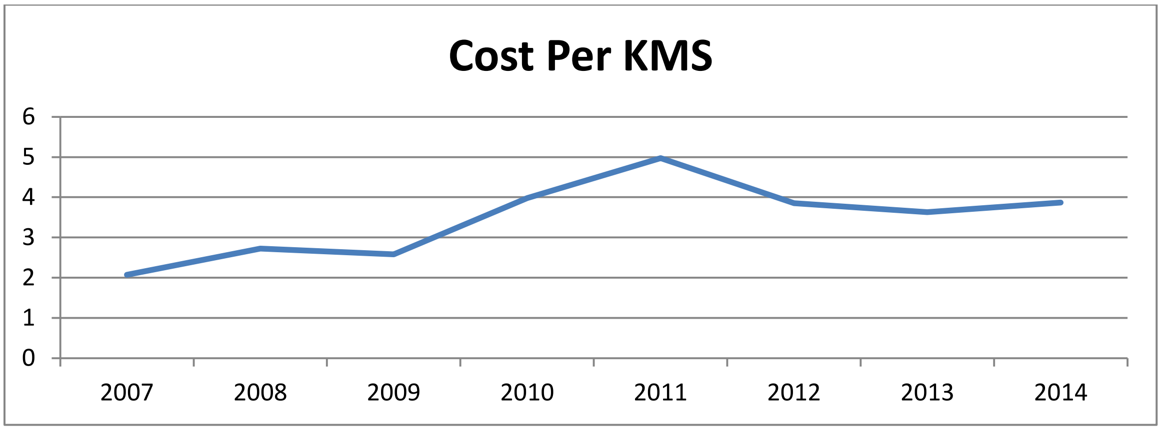
Report for LaRonge Ice Wolves

Financial Trends

March 2015

Over the past 8 years (2007 – 2014), the following are seen as financial trends for consideration by the Board of Directors of the LaRonge Ice Wolves (LIW)...

- Over the 8 years, the team travels, on average, 27,930 kilometers per season. The average cost per kilometer is $3.46 (over the 8 year period).



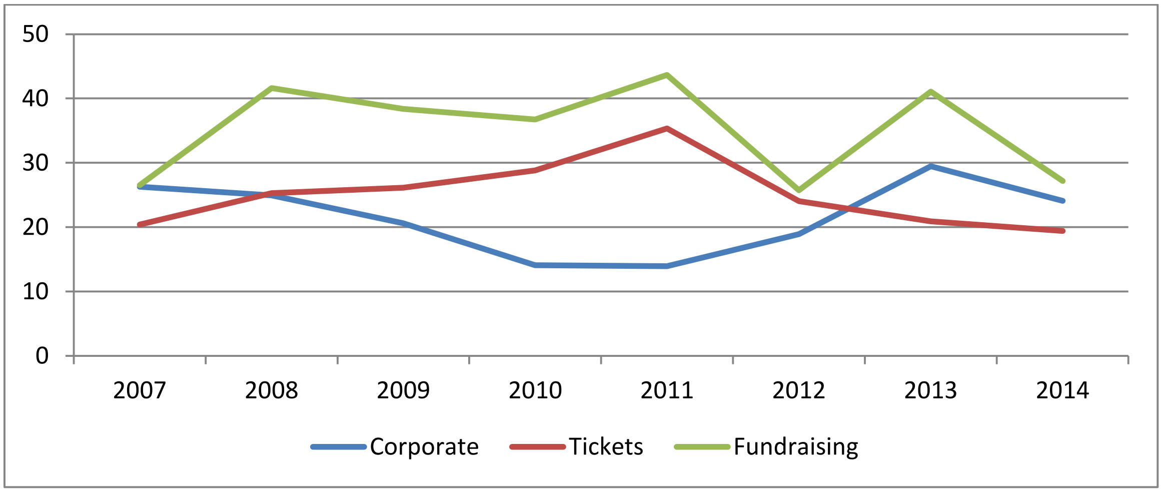
These costs are the bus, meals and accommodations. While the cost of gas is beyond the control of the team, the other costs are not.

In comparison to the SJHL, the average in 2014 for all teams was $4.49. **LIW are well below the 2014 SJHL Average at $3.46 on average over the 8 years.**

- In terms of debt, the LIW have $112,500 of long term debt. This means that for the most part, the yearly cash (revenue) flow appears to not cover the current year operating expenses. In addition on average over the 8 years, the current ratio is .67 (assets over liabilities), which means that in the event of default on the operations, there are not enough current assets to cover the short term debt of the operation.

In the SJHL (all teams combined average) shows a current ratio of .86 for 2014. **LIW are in a relatively unfavourable position (less than 1.0); continued diligence in the cash flow and debt levels is required.**

➢ Revenues come from three main sources, corporate advertising, ticket sales and fundraising. For the LIW, their ratios (percent of total revenue) are...

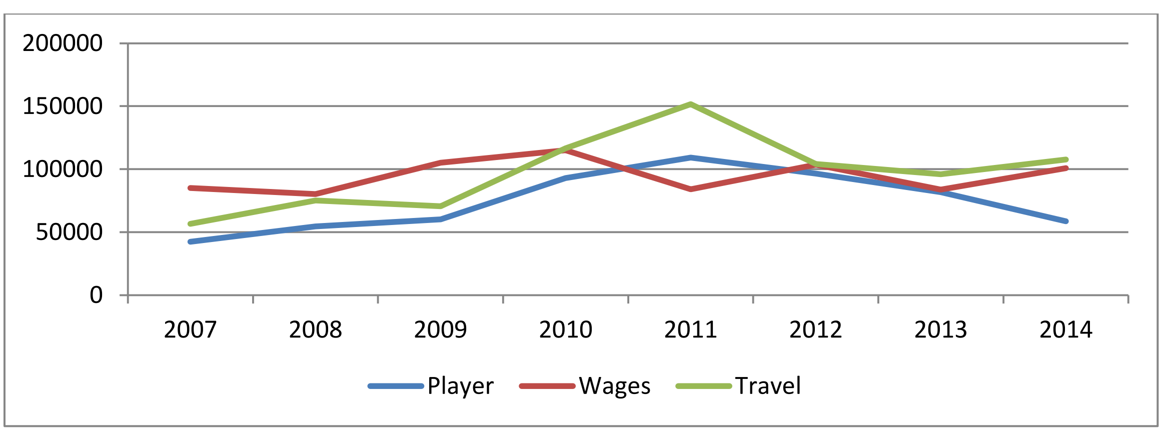


The peaks and valleys above show that in the years when corporate or fundraising revenues decline, the ticket sales compensate for the changes. One average the total revenue is $486,405 per year. Since 2007, the corporate, fundraising and ticket sales have changed very little over time, showing a total average growth of 20.5% since 2007.

Revenues:	LIW	SJHL
Corporate	21.5%	29.1%
Ticket Sales	25.0%	30.1%
Fundraising	35.1%	24.9%

Fundraising are greater than the SJHL average, and the corporate and ticket sales are below the SJHL average.

➢ On the operating cost side, the top three categories of expenses are Travel, Wages and Player expenses.



The LIW have been able to keep these costs relatively stable of the period.

The LIW, like all teams in the SJHL rely on playoff revenues to produce significant net profit. These profits are used in the off years when there is no playoff revenue. Operating losses have occurred in 6 of the 8 reporting years. In total, this has resulted in losses of $297,019 and net profits of $58,326.

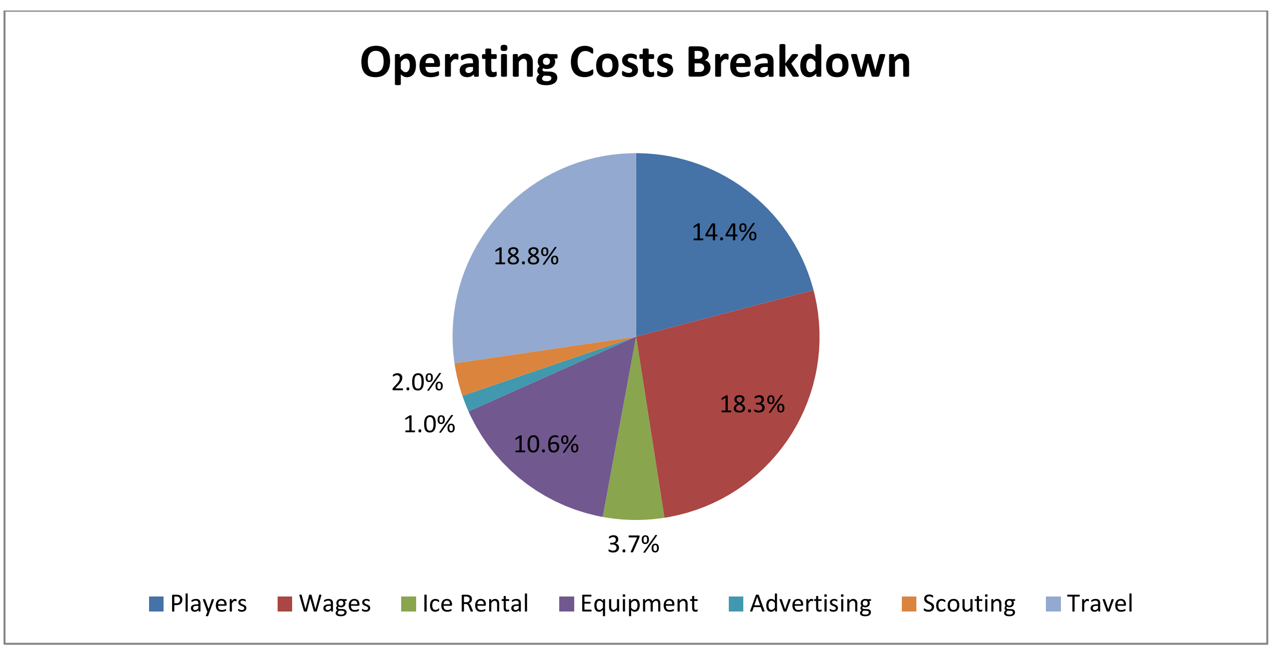
- The following table shows selected operating and revenue ratios for the LIW and the SJHL;

Ratio	LIW	SJHL Avg
Travel / Revenue	15.5%	15.9%
Wages / Revenue	20.8%	23.4%
Ice Rental / Revenue	4.3%	4.7%
Equipment / Revenue	11.7%	10.6%
Advertising / Revenue	1.1%	3.5%
Scouting / Revenue	2.2%	1.8%

The LIW spend less on average than the average SJHL team in the areas of Travel, Wages, Ice Rental and Advertising.

The LIW spend more on average in the operating costs of Equipment and Scouting than the average for the SJHL teams.

The six areas account for 55.6% of every dollar in revenue generated, which is slightly less than the SJHL team average of 59.9%. These operating costs are the most controllable by the team. A lower ratio means less ability to effectively manage.



This data is relevant if we consider the financial impact of the LIW on the local community. There are two financial impacts to the community, these being;

Direct Benefit – The dollars of operating costs are paid directly to local supplies and contribute to their profit. Direct benefit is 100% of Ice Rental, Equipment, Advertising, Scouting and 66% of travel. Based on the above data, this direct benefit is 29.83%. So for every dollar spent 29.83 cents goes directly to a local business.

Indirect Benefit – The dollars spent on wages and players, which are used for their living costs, so some of the dollars are spent locally, but not all of them. Based on the above data, this indirect benefit is 32.7%. So for every dollar spent 32.7% indirectly benefits the local businesses.

For the year ended in 2014 the direct benefit to the businesses in LaRonge is $153,995 (29.83% of 516,241).

For the year ended in 2014 the indirect benefit to the businesses in LaRonge is $168,811 (32.7% of 516,241).

This calculation does not include an assessment of the economic value of having people coming to watch the LIW, spending money in the local community on meals, hotels and entertainment.

Summary;

1. ***I n 2014 long term debt was at $150,000. This was greater than all assets, resulting in a negative situation. Managing debt can be accomplished by:***
    a. ***Community contributing equity,***
    b. ***Structured payment plan negotiated with the bank, and***
    c. ***Focusing on profitability to reduce accumulated deficits.***
2. ***Operating losses need to be addressed. Vigilance in the operations is necessary to achieve a profitable operation.***
3. ***Consider communicating the financial benefit of the LIW to the community of LaRonge to raise public awareness.***

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