

# **HOCKEY ALBERTA FOUNDATION**

## **Independent Auditor's Report and Financial Statements**

**July 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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### To the Members of Hockey Alberta Foundation

We have audited the accompanying financial statements of Hockey Alberta Foundation, which comprise the statement of financial position as at July 31, 2018, and the statements of changes in fund balances, operations and cash flows for the year 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, we consider internal control relevant to the Foundation'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 Foundation'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.

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## INDEPENDENT AUDITOR'S REPORT, continued

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### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Foundation derives revenues from special events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the accounts of the Foundation and we were not able to determine whether any adjustments might be necessary to special events or donation revenues, excess of revenues over expenditures and fund balances.

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at July 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Red Deer County, Alberta

November 20, 2018

*Collins Barrow Red Deer LLP*

Chartered Professional Accountants

# HOCKEY ALBERTA FOUNDATION

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July 31, 2018

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# HOCKEY ALBERTA FOUNDATION

## Statement of Financial Position

As at July 31, 2018

	2018	2017 (restated)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (note 3)	\$ 187,435	\$ 255,175
Short-term investments (note 4)	421,155	416,255
Accounts receivable	152,609	164,696
Prepaid expenses and deposits	-	500
	<u>\$ 761,199</u>	<u>\$ 836,626</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accruals	\$ 90,166	\$ 165,189
Deferred contributions (note 5)	120,150	107,520
Due to Hockey Alberta (note 6)	20,000	40,000
	<u>230,316</u>	<u>312,709</u>
Due to Hockey Alberta (note 6)	<u>60,574</u>	<u>79,810</u>
	<u>290,890</u>	<u>392,519</u>
<b>FUND BALANCES</b>		
General Fund	17,708	(32,256)
Reserve Fund	400,797	396,132
Restricted Fund	31,446	60,108
Endowment Fund (note 7)	20,358	20,123
	<u>470,309</u>	<u>444,107</u>
	<u>\$ 761,199</u>	<u>\$ 836,626</u>

Approved by the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**HOCKEY ALBERTA FOUNDATION**  
**Statement of Changes in Fund Balances**  
**Year ended July 31, 2018**

	<b>General Fund</b>	<b>Reserve Fund</b>	<b>Restricted Fund</b>	<b>Endowment Fund</b>	<b>Total 2018</b>	Total 2017 (restated)
<b>Balance, beginning of year, as restated</b> (note 8)	\$ (32,256)	\$ 396,132	\$ 60,108	\$ 20,123	\$ <b>444,107</b>	\$ 262,891
Excess (deficiency) of revenues over expenditures	27,352	-	(1,385)	235	<b>26,202</b>	181,216
Interfund transfers	<u>22,612</u>	<u>4,665</u>	<u>(27,277)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<u>\$ 17,708</u>	<u>\$ 400,797</u>	<u>\$ 31,446</u>	<u>\$ 20,358</u>	<u>\$ <b>470,309</b></u>	<u>\$ 444,107</u>

# HOCKEY ALBERTA FOUNDATION

## Statement of Operations Year ended July 31, 2018

	2018	2017 (restated)
<b>Revenues</b>		
Special events	\$ 202,678	\$ 199,011
Non-receipted donations	146,853	205,812
Tax-receipted donations	38,875	34,480
Interest	5,022	5,588
50/50s and raffles	800	4,888
Casino revenue	-	92,864
	<u>394,228</u>	<u>542,643</u>
<b>Expenditures</b>		
Events	126,334	116,820
Contract and management fees	50,000	50,000
Professional fees	14,380	9,992
Administration	3,497	3,317
Promotions and recognitions	3,278	219
Goods and Services Tax	3,177	3,046
Travel and meals	549	1,952
Bad debts	65	600
	<u>201,280</u>	<u>185,946</u>
<b>Excess of revenues over expenditures before the following:</b>	<u>192,948</u>	<u>356,697</u>
Donations	150,561	155,179
Scholarships and bursaries	14,000	15,000
Casino expenses	2,185	5,302
	<u>166,746</u>	<u>175,481</u>
<b>Excess of revenues over expenditures</b>	<u>\$ 26,202</u>	<u>\$ 181,216</u>

Included in the July 31, 2018 statement of operations is restricted income (deficiency) of (\$1,385) (2017 - \$92,450 (restated)). Refer to the Schedule of Restricted Income (page 12). Included in interest income is \$235 (2017 - \$207) related to the endowment fund. This income has been excluded from the Schedule of Restricted Income.

# HOCKEY ALBERTA FOUNDATION

## Statement of Cash Flows

Year ended July 31, 2018

	2018	2017 (restated)
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>Operating activities</b>		
Interest and donations received	\$ 191,315	\$ 343,230
Other contributions received	227,395	27,711
Casino expenses	(2,185)	(5,302)
Donations, scholarships and bursaries paid	(164,561)	(169,179)
Cash paid to suppliers and others	(275,802)	(126,251)
	<u>(23,838)</u>	<u>70,209</u>
<b>Investing activities</b>		
Proceeds on redemption of investments	-	412,758
Purchase of investments	(4,900)	(420,519)
	<u>(4,900)</u>	<u>(7,761)</u>
<b>Financing activities</b>		
Interest received on endowments	235	207
Scholarships paid from endowments	-	(1,000)
Repayment to Hockey Alberta	(39,237)	-
	<u>(39,002)</u>	<u>(793)</u>
<b>Increase (decrease) in cash</b>	<b>(67,740)</b>	<b>61,655</b>
<b>Cash, beginning of year</b>	<b>255,175</b>	<b>193,520</b>
<b>Cash, end of year</b>	<b>\$ 187,435</b>	<b>\$ 255,175</b>



# HOCKEY ALBERTA FOUNDATION

## Notes to the Financial Statements

July 31, 2018

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### 1. Nature of Activities

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Hockey Alberta Foundation is a not-for profit entity whose purpose is to establish a sustainable fund that assists in celebrating the history of hockey in Alberta by supporting relevant projects such as the Alberta Sports Hall of Fame and Museum, inspiring future leaders of the game through the Future Leaders Scholarship Program, and sharing with other charitable organizations.

The Foundation is a registered charity and therefore is exempt from income tax in accordance with Section 149(1)(f) of the Income Tax Act.

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### 2. Significant Accounting Policies

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These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### Funds

The General Fund records unrestricted donations, gifts, grants and events of the Foundation. Activities not specifically included in any other fund are recorded in the General Fund.

The Reserve Fund is internally restricted by the Foundation and includes interest revenue earned on investments, and any donations, gifts, or grants received specifically designated by the Foundation.

The Restricted Fund includes externally restricted funds obtained under licenses granted by the Alberta Gaming and Liquor Commission and any donations, gifts, or grants received that are restricted by the contributor to be used for specific purposes.

The Endowment Fund is comprised of donations received from various donors that are specifically designated as restricted to be used as endowments by the donors. Interest revenue generated from these funds is designated to provide annual support for the purpose of the Foundation.

#### Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: allowance for doubtful accounts. Actual results may differ from management's best estimates as additional information becomes available in the future.

# HOCKEY ALBERTA FOUNDATION

## Notes to the Financial Statements

July 31, 2018

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### 2. Significant Accounting Policies, continued

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#### **Cash and cash equivalents**

Cash and cash equivalents include cash on deposit and any money market funds or term deposits with a maturity date of three months or less when purchased.

#### **Investments**

Investments are comprised of an investment savings account valued at amortized cost. Funds are available for withdrawal at any time and are therefore classified as current assets.

#### **Revenue recognition**

Restricted contributions related to general operations are recognized as revenue of the unrestricted funds in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the unrestricted funds in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue in the appropriate fund as it is earned.

#### **Contributed materials and services**

Contributions of donated materials are not recognized in the financial statements unless the fair value can be reasonably determined, the materials are used in the normal course of operations and the materials would otherwise have been purchased.

The Foundation benefits from contributed services in the form of volunteer time. Due to the difficulties determining their fair value, these contributed services have not been recorded in the financial statements.

#### **Financial instruments**

The Foundation measures its financial instruments initially at fair value and subsequently measures them at amortized cost.

# HOCKEY ALBERTA FOUNDATION

## Notes to the Financial Statements

July 31, 2018

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### 3. Cash

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Hockey Alberta Foundation obtains casino and 50/50 revenue under licenses granted by the Alberta Gaming and Liquor Commission. These funds must be maintained in a separate bank account and disbursements are restricted for use under the terms and conditions set out by the commission including athlete, coach, and volunteer development delivered throughout Alberta by Hockey Alberta and the Hockey Alberta Foundation. These expenditures are the subject of an annual audit by the commission. Included in cash is \$31,446 (2017 - \$60,108) of undisbursed funds that are subject to these restrictions.

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### 4. Short-Term Investments

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Short-term investments consist of an investment savings funds held by the Foundation.

Included in investments is \$20,358 (2017 - \$20,123) of funds to be maintained permanently being restricted for endowments.

# HOCKEY ALBERTA FOUNDATION

## Notes to the Financial Statements

July 31, 2018

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### 5. Deferred Contributions

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Deferred contributions include the following:

	<u>Opening (restated)</u>	<u>Net Contributions Received</u>	<u>Contributions Recognized as Revenue</u>	<u>Ending</u>
Contribution from Curtis Glencross & Friends Inc.	\$ 107,520	\$ 76,000	\$ (63,370)	\$ 120,150

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### 6. Due to Hockey Alberta

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The balance due to Alberta Amateur Hockey Association (Hockey Alberta), a not-for-profit entity in which Hockey Alberta Foundation has an economic interest, represents outstanding reimbursements with scheduled annual payments of \$20,000. The amount is unsecured and is non-interest bearing.

	<u>2018</u>	<u>2017</u>
Current portion	\$ 20,000	\$ 40,000
Long-term portion	<u>60,574</u>	<u>79,810</u>
	<u>\$ 80,574</u>	<u>\$ 119,810</u>

The estimated principal repayments are as follows:

2019	\$ 20,000
2020	20,000
2021	20,000
2022	20,000
2023	<u>574</u>
	<u>\$ 80,574</u>

# HOCKEY ALBERTA FOUNDATION

## Notes to the Financial Statements

July 31, 2018

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### 7. Endowment

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In 2008 the Barry Ennis Memorial Pond Hockey Award was established. The endowment was created to grant annual scholarships in the name of the endowment beginning in the fall of 2009 as selected by the Red Deer Pond Hockey Association. Interest earned on the endowment funds is restricted to fund scholarship payments.

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### 8. Prior Period Adjustment

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The prior year comparative figures have been restated to recognize casino revenues, expenses and fund balances recorded through restricted funds. As a result of this adjustment, deferred contributions have been decreased and opening fund balances increased at August 1, 2016 by \$11,912. Restricted revenue for the year ended July 31, 2017 has been increased by \$48,196 and deferred contributions at July 31, 2017 have decreased by \$60,108, resulting in an increase to fund balances at July 31, 2017 of \$60,108.

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### 9. Related Party Transactions

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During the year, Hockey Alberta donated office space, services of an administrative assistant, various office supplies and use of office equipment to the Foundation. These transactions have not been recorded in the financial statements as the fair market value cannot be reasonably determined.

During the year, the Foundation paid \$50,000 (2017 - \$50,000) to Hockey Alberta for contract and management fees. Included in accounts payable at year-end was \$65,533 (2017 - \$68,751) due to Hockey Alberta. Included in accounts receivable at year-end is \$3,487 (2017- \$45,701) relating to the Foundation.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

# HOCKEY ALBERTA FOUNDATION

## Notes to the Financial Statements

July 31, 2018

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### 10. Charitable Fundraising

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The following cash transactions occurred during the year as a result of charitable fundraising:

	<u>2018</u>	<u>2017</u>
Gross contributions received	\$ 202,678	\$ 199,011
Contributions were utilized as follows:		
Event costs	(126,334)	(115,011)
Administration	(50,000)	(50,000)
Donations	(12,344)	(20,000)
Scholarships and bursaries	(14,000)	(14,000)
	<u>\$ -</u>	<u>\$ -</u>

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### 11. Financial Instruments

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The Foundation's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accruals, and due to Hockey Alberta. The fair value of these financial instruments approximates their carrying value, unless otherwise noted. It is management's opinion that the Foundation is not exposed to significant interest, currency, market, liquidity or credit risk arising from these financial instruments except as follows:

#### **Credit risk**

The Foundation is exposed to credit risk as it grants credit to its sponsors in the normal course of operations. To mitigate this risk the Foundation regularly reviews its accounts receivable list, and based on knowledge of their sponsors, will stop granting credit to sponsors who have not made regular payments in the past.

#### **Interest rate risk**

The Foundation is exposed to interest rate cash flow risk as the short-term investment bears interest at a floating interest rate.

# HOCKEY ALBERTA FOUNDATION

## Notes to the Financial Statements

July 31, 2018

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### 12. Commitments

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The Foundation has been involved in discussions to donate \$500,000 to Hockey Alberta as part of the Hockey Alberta strategic initiatives. This donation would be made to the ASC Donation fund. These initiatives align with the Foundation's charitable causes. The total amount is to be paid by July 2026. The Foundation plans to pay \$50,000 per year, commencing in the previous year. The remaining commitment is \$400,000. Although the first two payments have been made, this proposal still needs to be finalized in a Memorandum of Understanding between Hockey Alberta and Hockey Alberta Foundation.

The Foundation has also committed to donate \$25,000 next year to Sport Central Association as a part of their Every Kid Every Community initiative.

The Foundation has also signed a Memorandum of Understanding with Hockey Alberta which commits the Foundation to pay an annual management fee to Hockey Alberta. The management fee is determined annually.

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### 13. Comparative Amounts

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The presentation of certain accounts of the previous year has been changed to conform to the presentation adopted for the current year.

# HOCKEY ALBERTA FOUNDATION

## Schedule of Restricted Income

Period Ended July 31, 2018

	General	Restricted	2018
<b>Revenues</b>			
Special events	\$ 202,678	-	202,678
Non-receipted donations	146,853	-	146,853
Tax-receipted donations	38,875	-	38,875
Interest	4,787	-	4,787
50/50s and raffles	<u>-</u>	<u>800</u>	<u>800</u>
	<u>393,193</u>	<u>800</u>	<u>393,993</u>
<b>Expenses</b>			
Events	126,334	-	126,334
Contract and management fees	50,000	-	50,000
Professional fees	14,380	-	14,380
Administration	3,497	-	3,497
Promotions and recognitions	3,278	-	3,278
Goods and Services Tax	3,177	-	3,177
Travel and meals	549	-	549
Bad debts	<u>65</u>	<u>-</u>	<u>65</u>
	<u>201,280</u>	<u>-</u>	<u>201,280</u>
<b>Excess of revenues over expenditures before the following:</b>	<u>191,913</u>	<u>800</u>	<u>192,713</u>
Donations	150,561	-	150,561
Scholarships and bursaries	14,000	-	14,000
Casino expenses	<u>-</u>	<u>2,185</u>	<u>2,185</u>
	<u>164,561</u>	<u>2,185</u>	<u>2,185</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 27,352</u>	<u>(1,385)</u>	<u>25,967</u>