

**Minor Hockey Association of Calgary  
o/a Hockey Calgary  
Financial Statements  
April 30, 2018**

## Independent Auditors' Report

To: The Members of the **Minor Hockey Association of Calgary**

We have audited the accompanying financial statements of the **Minor Hockey Association of Calgary**, which comprise the statement of financial position as at **April 30, 2018**, and the statements of operations, changes in net assets 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.

### Auditors' 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 auditors' 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 auditors consider 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 controls. 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 audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Minor Hockey Association of Calgary as at April 30, 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.

June 20, 2018

Calgary, Alberta

Chartered Accountants  
Chartered Professional Accountants

**Minor Hockey Association of Calgary**  
**o/a Hockey Calgary**  
Statement of Financial Position

As at April 30, **2018** **2017**

**Assets**

**Current assets**

Cash	\$ 655,460	\$ 409,379
Accounts receivable	97,375	97,495
Short term investments (note 4)	1,400,000	1,400,000
	<u>2,152,835</u>	<u>1,906,874</u>

**Restricted cash (note 5)** 31,181 42,952

**Restricted investments (note 6)** 676,511 228,422

**Capital assets (note 7)** 131,621 81,334

**Intangible asset (note 8)** 2,800,000 2,800,000

\$ 5,792,148 \$ 5,059,582

**Liabilities and Net Assets**

**Current liabilities**

Accounts payable and accrued liabilities	\$ 35,362	\$ 41,535
Deferred revenue	60,560	-
	<u>95,922</u>	<u>41,535</u>

**Restricted contributions - U18 Women's Legacy (note 5)** 4,795 13,743

**Restricted contributions - Access to the Game (note 5)** 26,386 29,209

**Restricted contributions - Future projects (note 9)** 676,511 228,422

803,614 312,909

**Net assets**

Unrestricted	2,056,913	1,865,339
Invested in capital assets	131,621	81,334
Invested in intangible asset	2,800,000	2,800,000

4,988,534 4,746,673

\$ 5,792,148 \$ 5,059,582

Approved by the Board

\_\_\_\_\_  
Director

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Director

**Minor Hockey Association of Calgary**  
**o/a Hockey Calgary**  
Statement of Operations

Year ended April 30,	2018	2017
<b>Revenues</b>		
Administration	\$ 27,479	\$ 28,457
Development	59,306	12,690
Events	248,089	239,516
Funding	5,407	66,470
Marketing	67,524	52,581
Member services	1,837,729	1,820,713
Operations	3,388,597	3,536,300
	<u>5,634,131</u>	<u>5,756,727</u>
<b>Expenses</b>		
Administration	644,688	592,292
Development	91,172	45,715
Events	439,574	431,416
Funding	5,407	5,400
Marketing	53,292	102,194
Member services	771,824	768,713
Operations	3,386,313	3,546,006
	<u>5,392,270</u>	<u>5,491,736</u>
<b>Excess of revenue over expenses</b>	<u>\$ 241,861</u>	<u>\$ 264,991</u>

*See accompanying notes to the financial statements*

**Minor Hockey Association of Calgary**  
**o/a Hockey Calgary**  
Statement of Changes in Net Assets

Year ended

	<b>April 30, 2018</b>			
	Unrestricted	Invested in capital assets	Invested in intangible assets	Total
<b>Balance, beginning of year</b>	\$ 1,865,339	\$ 81,334	\$ 2,800,000	\$ 4,746,673
Excess (deficiency) of revenues over expenses	281,839	(39,978)	-	241,861
Invested in capital assets	(90,265)	90,265	-	-
<b>Balance, end of year</b>	<b>\$ 2,056,913</b>	<b>\$ 131,621</b>	<b>\$ 2,800,000</b>	<b>\$ 4,988,534</b>

  

	<b>April 30, 2017</b>			
	Unrestricted	Invested in capital assets	Invested in intangible assets	Total
<b>Balance, beginning of year</b>	\$ 1,658,525	\$ 23,157	\$ 2,640,000	\$ 4,321,682
Excess (deficiency) of revenues over expenses	288,828	(23,837)	-	264,991
Net disposal of capital assets	(82,014)	82,014	-	-
Restricted contributions recognized	-	-	160,000	160,000
<b>Balance, end of year</b>	<b>\$ 1,865,339</b>	<b>\$ 81,334</b>	<b>\$ 2,800,000</b>	<b>\$ 4,746,673</b>

**Minor Hockey Association of Calgary**  
**o/a Hockey Calgary**  
Statement of Cash Flows

Year ended April 30,	2018	2017
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 241,861	\$ 264,991
Item not affecting cash		
Amortization	39,978	23,837
	<u>281,839</u>	<u>288,828</u>
Changes in non-cash working capital items		
Accounts receivable	120	(28,491)
Accounts payable and accrued liabilities	(6,173)	21,735
Deferred revenue	60,560	-
	<u>336,346</u>	<u>282,072</u>
<b>Investing activities</b>		
Purchase of capital assets	(90,265)	(82,014)
Investments redeemed for payment of funding agreement	-	160,000
	<u>(90,265)</u>	<u>77,986</u>
<b>Financing activity</b>		
Payment of funding agreement	-	(160,000)
	<u>-</u>	<u>-</u>
<b>Increase in cash</b>	246,081	200,058
<b>Cash, beginning of year</b>	409,379	209,321
<b>Cash, end of year</b>	<u>\$ 655,460</u>	<u>\$ 409,379</u>

*See accompanying notes to the financial statements*

# **Minor Hockey Association of Calgary**

## **o/a Hockey Calgary**

### Notes to Financial Statements

April 30, 2018

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#### **1. Nature of operations**

The Minor Hockey Association of Calgary (the “Association”) was incorporated under the laws of the Province of Alberta on June 26, 1970 as a not-for-profit organization. The purpose of the Association is to coordinate minor hockey in the Calgary region. The Association operates under the name Hockey Calgary.

The Association is a not for profit organization under the Income Tax Act and as such is exempt from income taxes.

#### **2. Basis of presentation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations (“ASNFPO”).

#### **3. Significant accounting policies**

##### **(a) Measurement of financial instruments**

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm’s length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash, short term investments, restricted cash and restricted investments, which are measured at fair value. Changes in fair value of restricted assets are accounted for as restricted contributions.

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

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

# Minor Hockey Association of Calgary

## o/a Hockey Calgary

Notes to Financial Statements

April 30, 2018

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### 3. Significant accounting policies, continued

#### (b) Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the straight-line method, designed to amortize the cost of the assets over their estimated useful lives. A full year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Leasehold improvements	5 years
Computer equipment	5 years
Website development/software	5 years
Office equipment	10 years

The Association records a write-down when its capital assets no longer have any long-term service potential to the Association and the net carrying amount exceeds the residual value. The excess net carrying amount over residual value is recognized as an expense in the statement of operations. Previous write-downs are not reversed.

#### (c) Intangible asset

The intangible asset with an indefinite life is not subject to amortization and is recorded at cost, less any provision for permanent impairment when the asset no longer has any service potential.

Internally generated intangible assets are expensed for accounting purposes.

#### (d) Revenue recognition

The Association uses the deferral method of accounting for contributions.

Restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Restricted contributions for the repayment of debt that is incurred to fund the purchase of an intangible asset, that will not be amortized, will be recognized as direct increases in net assets.

Restricted investment income is treated in the same manner as the related restricted contributions.

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.

Member services and other operating revenues are recognized when services are provided.



# Minor Hockey Association of Calgary

## o/a Hockey Calgary

Notes to Financial Statements

April 30, 2018

### 3. Significant accounting policies, continued

#### (e) Contributed services and materials

The Association records the value of contributed services and materials when the fair value can be reasonably estimated, when the services and materials are used in the normal course of the Association's operations, and would otherwise have been purchased. Due to the difficulty of determining their fair value, volunteer services and other donated materials are not recognized in the financial statements.

### 4. Short term investments

Included in short term investments are \$1,400,000 (2017 - \$1,400,000) of GIC's. These earn interest at 1.16% (2017 - 1.00%) and mature in December 2018 (2017 - December 2017).

### 5. Restricted cash

Restricted cash consists of net revenues associated with hosting the U18 Women's National Championship and the Access to the Game Program. Net revenues are to be utilized to increase participation in women's hockey and participation in minor league hockey respectively.

### 6. Restricted investments

Restricted investments consist of money market investments that are to be utilized for the repayment of funding agreements for future new ice surfaces and represent unspent restricted contributions and related investment income.

### 7. Capital assets

	April 30, 2018		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 31,261	\$ 29,432	\$ 1,829
Office equipment	40,093	26,687	13,406
Leasehold improvements	33,534	28,979	4,555
Website development/software	209,858	98,027	111,831
	<u>\$ 314,746</u>	<u>\$ 183,125</u>	<u>\$ 131,621</u>

**Minor Hockey Association of Calgary**  
**o/a Hockey Calgary**

Notes to Financial Statements

April 30, 2018

**7. Capital assets, continued**

	April 30, 2017		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 39,931	\$ 35,529	\$ 4,402
Office equipment	37,548	24,384	13,164
Leasehold improvements	33,534	27,326	6,208
Website development/software	124,031	66,471	57,560
	<u>\$ 235,044</u>	<u>\$ 153,710</u>	<u>\$ 81,334</u>

**8. Intangible asset**

The Association purchased a Right of First Refusal (the “ROFR”) for ice times on one ice surface at an arena owned and operated by the City of Calgary. The ROFR provides the Association with priority above all other users in choosing ice times.

**9. Restricted contributions – Future projects**

Restricted contributions represent the unamortized portion of restricted contributions that are to be used towards the repayment of funding agreements regarding future new ice surfaces being built at local Calgary arenas. Changes for the year in the restricted contributions balance are as follows:

	2018	2017
Balance, beginning of the year	\$ 228,422	\$ 242,041
Contributions	446,130	144,950
Restricted interest income received	1,959	1,431
Repayment of funding agreement payable	-	(160,000)
Balance, end of the year	<u>\$ 676,511</u>	<u>\$ 228,422</u>

# Minor Hockey Association of Calgary o/a Hockey Calgary

Notes to Financial Statements

April 30, 2018

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## 10. Contractual obligations

The Association's total obligations, under various operating leases are as follows:

2019	\$ 19,484
2020	19,484
2021	4,640
	<u>\$ 43,608</u>

## 11. Financial instruments

The Association's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations and investing activities. Operations are located in Calgary, Alberta.

### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk with respect to its accounts receivable from local member associations and events. At year end, the Association had two (2017 – two) significant accounts receivables approximating 89% (2017 – 48%) of total accounts receivable. Credit risk is managed by the Association through monitoring procedures.

### Financial assets

The carrying amounts of financial assets recognized in the financial statements consist of:

	2018	2017
Measured at amortized cost	\$ 97,375	\$ 97,495
Measured at fair value	2,763,153	2,080,753
	<u>\$ 2,860,528</u>	<u>\$ 2,178,248</u>