

**Minor Hockey Association of Calgary
o/a Hockey Calgary
Financial Statements
June 30, 2024**

Independent Auditors' Report

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

Opinion

We have audited the financial statements of **Minor Hockey Association of Calgary** (the "Association"), which comprise the statement of financial position as at **June 30, 2024**, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 opinion.

Responsibilities of Management and Those Charged With Governance 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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.

Independent Auditors' Report (continued)

- 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.

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.

September 17, 2024
Calgary, Alberta

Kennedy Mack Sturarchuk Stewart LLP
Chartered Professional Accountants

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

As at June 30,	2024	2023
Assets		
Current assets		
Cash	\$ 396,247	\$ 94,972
AGLC restricted cash	4,435	6,425
Accounts receivable	24,516	20,991
Short-term investments (note 4)	2,573,007	2,443,169
Prepaid expenses	52,889	16,139
	<u>3,051,094</u>	<u>2,581,696</u>
Externally restricted cash	85,398	78,056
Externally restricted investments (note 4)	1,521,948	1,297,337
Internally restricted investments (note 4)	500,000	500,000
Capital assets (note 5)	37,571	75,777
Intangible asset (note 6)	2,800,000	2,800,000
	<u>\$ 7,996,011</u>	<u>\$ 7,332,866</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 317,369	\$ 32,050
Deferred revenue	7,100	35,800
	<u>324,469</u>	<u>67,850</u>
Restricted contributions - Access to the Game	85,398	78,056
Restricted contributions - Future projects (note 7)	1,521,948	1,297,337
	<u>1,931,815</u>	<u>1,443,243</u>
Contractual obligations (note 8)		
Net assets		
Unrestricted	2,726,625	2,513,846
Internally restricted (note 4)	500,000	500,000
Invested in capital assets	37,571	75,777
Invested in intangible asset	2,800,000	2,800,000
	<u>6,064,196</u>	<u>5,889,623</u>
	<u>\$ 7,996,011</u>	<u>\$ 7,332,866</u>

Approved by the Board

Karen Pirie Director

Alan Roessel Director

See accompanying notes to the financial statements

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

For the period ended,	June 30, 2024 (12 months)	June 30, 2023 (2 months)	April 30, 2023 (12 months)
Revenues			
Operations	\$ 5,400,998	\$ -	\$ 5,055,524
Member services	2,080,344	100	1,829,377
Events	365,973	233	344,924
Development	242,511	5,450	154,788
Administration	141,631	27,480	61,996
Funding	102,425	-	197,320
Marketing	9,450	200	10,000
	8,343,332	33,463	7,653,929
Expenses			
Operations	5,323,259	56	4,897,161
Member services	1,039,988	100	781,523
Administration	857,542	125,076	761,987
Events	605,364	305	577,382
Development	276,728	5,099	150,075
Marketing	57,723	4,138	98,512
Funding	8,155	15,000	113,057
	8,168,759	149,774	7,379,697
Excess (deficiency) of revenue over expenses	\$ 174,573	\$ (116,311)	\$ 274,232

See accompanying notes to the financial statements

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

For the period ended,

June 30, 2024
(12 months)

	Unrestricted	Internally restricted Access to the Game	Invested in capital assets	Invested in intangible assets	Total
Balance, beginning of year	\$ 2,513,846	\$ 500,000	\$ 75,777	\$ 2,800,000	\$ 5,889,623
Excess (deficiency) of revenues over expenses	215,424	-	(40,851)	-	174,573
Invested in capital assets	(2,645)	-	2,645	-	-
Balance, end of year	\$ 2,726,625	\$ 500,000	\$ 37,571	\$ 2,800,000	\$ 6,064,196

June 30, 2023
(2 months)

	Unrestricted	Internally restricted Access to the Game	Invested in capital assets	Invested in intangible assets	Total
Balance, beginning of period	\$ 2,629,289	\$ 500,000	\$ 76,645	\$ 2,800,000	\$ 6,005,934
Deficiency of revenues over expenses	(109,610)	-	(6,701)	-	(116,311)
Invested in capital assets	(5,833)	-	5,833	-	-
Balance, end of period	\$ 2,513,846	\$ 500,000	\$ 75,777	\$ 2,800,000	\$ 5,889,623

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

For the period ended,	June 30, 2024 (12 months)	June 30, 2023 (2 months)	April 30, 2023 (12 months)
Operating activities			
Excess (deficiency) of revenue over expenses	\$ 174,573	\$ (116,311)	\$ 274,232
Item not affecting cash			
Amortization	40,851	6,701	72,027
Loss on disposal of assets	-	-	653
	<u>215,424</u>	<u>(109,610)</u>	<u>346,912</u>
Changes in non-cash working capital items			
Accounts receivable	(3,525)	151,336	(59,225)
Prepaid expenses	(36,750)	2,000	(7,688)
Accounts payable and accrued liabilities	285,319	(43,587)	51,509
Deferred revenue	(28,700)	(43,210)	(23,958)
Restricted contributions - Access to the Game	7,342	25,769	-
AGLC contribution receivable	-	-	62,176
	<u>439,110</u>	<u>(17,302)</u>	<u>369,726</u>
Investing activities			
Purchase of capital assets	(2,645)	(5,833)	(23,230)
Purchase of short-term investments	(129,838)	(725,727)	(1,717,442)
	<u>(132,483)</u>	<u>(731,560)</u>	<u>(1,740,672)</u>
Increase (decrease) in cash	306,627	(748,862)	(1,370,946)
Cash, beginning of period	<u>179,453</u>	<u>928,315</u>	<u>2,300,261</u>
Cash, end of period	<u>\$ 486,080</u>	<u>\$ 179,453</u>	<u>\$ 929,315</u>
Cash consists of:			
Cash	396,247	94,972	869,660
AGLC restricted cash	4,435	6,425	6,368
Externally restricted cash	85,398	78,056	52,287
	<u>\$ 486,080</u>	<u>\$ 179,453</u>	<u>\$ 928,315</u>

See accompanying notes to the financial statements

Minor Hockey Association of Calgary o/a Hockey Calgary

Notes to Financial Statements

June 30, 2024

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. During the prior period, the Association changed its fiscal year end from April 30 to June 30.

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”). A column has been included on the statements of operations and cash flows for the fiscal year ended April 30, 2023 to include a full year of comparative information.

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

June 30, 2024

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:

Computer equipment	4-5 years
Office and other equipment	5-10 years
Leasehold improvements	5 years
Website development/software	5 years
Promotional equipment	5 years
Fitness equipment	10 years

The Association records a write-down when its capital assets no longer contribute to the Association's ability to provide goods and services, or when the value of future economic benefits or service potential associated with them is less than net carrying amount. The excess net carrying amount over fair value or replacement cost 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 contributes to the Association's ability to provide goods and services, or the value of future economic benefits or service potential associated with it is less than net carrying amount. The excess net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Previous write-downs are not reversed.

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 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

June 30, 2024

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. Investments

At June 30, 2024, the Association holds funds in money market investments held with a chartered Canadian bank. Of these investments some amounts are unrestricted while some are internally and externally restricted. The externally restricted investments are to be utilized for future new ice surfaces and represent unspent restricted contributions and related investment income. Internally restricted investments are to be utilized for the Access to the Game program.

5. Capital assets

	2024		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 14,655	\$ 6,601	\$ 8,054
Office and other equipment	37,548	36,311	1,237
Leasehold improvements	23,549	17,946	5,603
Website development/software	315,802	313,293	2,509
Promotional equipment	104,168	99,667	4,501
Fitness equipment	20,000	4,333	15,667
	\$ 515,722	\$ 478,151	\$ 37,571
	2023		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 12,010	\$ 3,339	\$ 8,671
Office and other equipment	37,548	35,164	2,384
Leasehold improvements	23,549	14,891	8,658
Website development/software	315,802	302,740	13,062
Promotional equipment	104,168	78,833	25,335
Fitness equipment	20,000	2,333	17,667
	\$ 513,077	\$ 437,300	\$ 75,777

Minor Hockey Association of Calgary o/a Hockey Calgary

Notes to Financial Statements

June 30, 2024

6. 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. The ROFR has no set expiry date.

7. Restricted contributions – Future projects

Restricted contributions represent the unamortized portion of restricted contributions that are to be used towards future new ice surfaces. Changes for the year in the restricted contributions balance are as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of the period	\$ 1,297,337	\$ 1,286,175
Contributions	168,660	-
Restricted interest income received	55,951	11,162
	<hr/>	<hr/>
Balance, end of the period	<u>\$ 1,521,948</u>	<u>\$ 1,297,337</u>

8. Contractual obligations

The Association’s total obligations under various operating leases and agreements are as follows:

2025	40,511
2026	32,386
2027	21,716
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	<u>\$ 94,613</u>

9. 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 counterparty 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 one (2023 – one) accounts receivable balance approximating 33% (2023 – 28%) of total accounts receivable. Credit risk is managed by the Association through monitoring procedures.

Minor Hockey Association of Calgary
o/a Hockey Calgary

Notes to Financial Statements

June 30, 2024

9. Financial instruments, continued

The Association is also exposed to credit risk on cash and investment deposits. The Association minimizes this risk by holding its deposits with creditworthy financial institutions in accordance with the Association's investment policies.

Financial assets

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

	<u>2024</u>	<u>2023</u>
Measured at amortized cost	\$ 24,516	\$ 20,991
Measured at fair value	5,081,035	4,419,959
	<u>\$ 5,105,551</u>	<u>\$ 4,440,950</u>