

HOCKEY ALBERTA FOUNDATION



Independent Auditor's Report and Financial
Statements
July 31, 2022



RSM Alberta LLP
546 Laura Ave
Red Deer County, AB T4E 0A5
T +1403 342 5541
F +1403 347 3766

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Hockey Alberta Foundation

Qualified Opinion

We have audited the financial statements of Hockey Alberta Foundation ("the Foundation"), which comprise the statement of financial position as at July 31, 2022, and the statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of the Foundation as at July 31, 2022 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 Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to events or donation revenues, excess of revenues over expenditures, and cash flows from operations for the years ended July 31, 2022 and 2021, current assets as at July 31, 2022 and 2021 and fund balances as at and July 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended July 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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INDEPENDENT AUDITOR'S REPORT, continued

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

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

Auditor's 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 auditor's 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 judgment 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.
- 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT, continued

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

Red Deer County, Alberta

October 28, 2022

RSM Alberta LLP

Chartered Professional Accountants

HOCKEY ALBERTA FOUNDATION

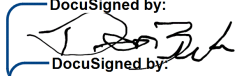
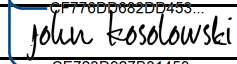
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HOCKEY ALBERTA FOUNDATION**Statement of Financial Position****As at July 31, 2022**

	2022	2021
ASSETS		
Current assets		
Cash (note 3)	\$ 2,607,278	\$ 2,074,387
Short-term investments (note 4)	391,476	403,456
Accounts receivable (note 5)	363,148	450,367
Prepaid expenses and deposits	2,000	-
	<u>\$ 3,363,902</u>	<u>\$ 2,928,210</u>
LIABILITIES		
Current liabilities		
Accounts payable and accruals	\$ 324,859	\$ 111,639
Donations payable	-	50,000
	<u>324,859</u>	<u>161,639</u>
Donations payable	-	200,000
Deferred contributions (note 6)	<u>300,384</u>	<u>310,384</u>
	<u>625,243</u>	<u>672,023</u>
FUND BALANCES		
General Fund	258,656	(162,151)
Reserve Fund	372,072	382,469
Restricted Fund	2,088,527	2,014,881
Endowment Fund (note 7)	<u>19,404</u>	<u>20,988</u>
	<u>2,738,659</u>	<u>2,256,187</u>
	<u>\$ 3,363,902</u>	<u>\$ 2,928,210</u>

Approved by the board:

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Director**Director**

See accompanying notes

HOCKEY ALBERTA FOUNDATION
Statement of Changes in Fund Balances
Year ended July 31, 2022

	General Fund	Reserve Fund	Restricted Fund	Endowment Fund	Total 2022	Total 2021
Balance, beginning of year	\$ (162,151)	\$ 382,469	\$ 2,014,881	\$ 20,988	\$ 2,256,187	383,995
Excess (deficiency) of revenues over expenditures	183,805	(30,397)	330,648	(1,584)	482,472	1,872,192
Interfund transfers	<u>237,002</u>	<u>20,000</u>	<u>(257,002)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 258,656</u>	<u>\$ 372,072</u>	<u>\$ 2,088,527</u>	<u>\$ 19,404</u>	<u>\$ 2,738,659</u>	<u>\$ 2,256,187</u>

See accompanying notes

HOCKEY ALBERTA FOUNDATION

Statement of Operations

Year ended July 31, 2022

	General Fund	Reserve Fund	Restricted Fund	Endowment Fund	2022	2021
Revenues						
Casino, 50/50s and raffles	\$ -	\$ -	\$ 5,961,116	\$ -	\$ 5,961,116	\$ 38,008,270
Events (note 10)	257,008	-	-	-	257,008	172,972
Non-receipted donations	162,956	-	-	-	162,956	46,905
Tax-receipted donations	37,257	-	-	-	37,257	55,516
Interest income	145	19,432	1,225	1,013	21,815	6,098
	<u>457,366</u>	<u>19,432</u>	<u>5,962,341</u>	<u>1,013</u>	<u>6,440,152</u>	<u>38,289,761</u>
Expenditures						
Events (note 10)	176,003	-	-	-	176,003	120,117
Contract and management fees (note 11)	50,000	-	-	-	50,000	50,000
Promotions and recognitions	12,591	-	-	-	12,591	332
Professional fees	12,847	-	-	-	12,847	17,961
Goods and Services Tax	4,718	-	-	-	4,718	3,120
Administrative	3,713	-	-	-	3,713	2,960
Travel	3,689	-	-	-	3,689	8,380
	<u>263,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,561</u>	<u>202,870</u>
Excess of revenue over expenditures before the following	<u>193,805</u>	<u>19,432</u>	<u>5,962,341</u>	<u>1,013</u>	<u>6,176,591</u>	<u>38,086,891</u>
Other expenditures						
Casino, 50/50s and raffle expenses (note 8)	-	-	3,072,957	-	3,072,957	21,121,676
Donations (note 9)	10,000	-	2,548,736	-	2,558,736	15,093,023
Unrealized loss on short-term investments	-	49,829	-	2,597	52,426	-
Scholarships and bursaries	-	-	10,000	-	10,000	-
	<u>10,000</u>	<u>49,829</u>	<u>5,631,693</u>	<u>2,597</u>	<u>5,694,119</u>	<u>36,214,699</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 183,805</u>	<u>\$ (30,397)</u>	<u>\$ 330,648</u>	<u>\$ (1,584)</u>	<u>\$ 482,472</u>	<u>\$ 1,872,192</u>

See accompanying notes

HOCKEY ALBERTA FOUNDATION**Statement of Cash Flows****Year ended July 31, 2022**

	2022	2021
CASH PROVIDED BY (USED FOR)		
Operating activities		
Interest and donations received	\$ 191,582	\$ 187,210
Other contributions received	488,802	180,047
Casino, 50/50s and raffles received	6,012,794	37,954,964
Cash paid to suppliers and other	(248,594)	(434,363)
Donations, scholarships and bursaries paid	(1,710,000)	(245,000)
Casino, 50/50s and raffles expenses paid	(4,181,693)	(36,019,698)
	552,891	1,623,160
Investing activity		
Purchase of investments	(20,000)	(41,070)
Increase in cash	532,891	1,582,090
Cash, beginning of year	2,074,387	492,297
Cash, end of year	\$ 2,607,278	\$ 2,074,387

See accompanying notes

HOCKEY ALBERTA FOUNDATION

Notes to the Financial Statements

July 31, 2022

1. Nature of Activities

Hockey Alberta Foundation ("the 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.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting 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 represents funds internally restricted by the Foundation for purposes designated by the board of directors.

The Restricted Fund includes externally restricted funds under licenses granted by Alberta Gaming, Liquor and Cannabis ("AGLC") and are restricted in accordance with the regulations set by AGLC.

The Endowment Fund is comprised of donations received from various donors that are specifically designated as restricted to be used as principal of the endowment. Interest revenue generated from these funds are used to fund endowment gifts in accordance with the endowment agreements.

HOCKEY ALBERTA FOUNDATION

Notes to the Financial Statements

July 31, 2022

2. Significant Accounting Policies, continued

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. Areas requiring the use of estimates include: allowance for doubtful accounts, allocation of expenses to various funds and deferred revenue. Actual results may differ from management's best estimates as additional information becomes available in the future.

Financial instruments

Measurement

Financial instruments are financial assets or liabilities of the Foundation where, in general, the Foundation has the right to receive cash or another financial asset from another party or the Foundation has the obligation to pay another party cash or other financial assets.

The Foundation initially measures its financial assets and liabilities at fair value. Transaction costs are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments subsequently measured at cost or amortized cost.

The Foundation subsequently measures its financial assets and liabilities at amortized cost, except for short-term investments.

Financial assets measured at amortized cost include cash and accounts receivable. Short-term investments are subsequently measured at fair value.

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

Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is not greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in operations.

Cash

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.

HOCKEY ALBERTA FOUNDATION

Notes to the Financial Statements

July 31, 2022

2. Significant Accounting Policies, continued

Short-term investments

Investments are comprised of equity investments recorded at fair value. Funds are available for withdrawal at any time and are therefore classified as current assets.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the general fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the general fund 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.

3. Cash

Hockey Alberta Foundation obtains casino and 50/50 revenue under licenses granted by AGLC. These funds must be maintained in a separate bank account and disbursements are restricted for use under the terms and conditions set out by AGLC. These expenditures are the subject of an annual audit by AGLC. Included in cash is \$2,068,086 (2021 - \$1,943,709) of undisbursed funds that are subject to these restrictions.

HOCKEY ALBERTA FOUNDATION

Notes to the Financial Statements

July 31, 2022

4. Short-Term Investments

Investments consist of ATB compass mutual funds held by the Foundation. The investment earns income as reinvested dividends.

Included in investments is \$19,404 (2021 - \$20,988) of funds to be maintained permanently being restricted for endowments.

5. Accounts Receivable

Included in accounts receivable at year-end is \$18,441 (2021 - \$71,172) related to amounts that are restricted for use under the terms and conditions set out by AGLC.

Included in accounts receivable at year-end is \$13,300 (2021 - \$10,109) related to amounts that were paid for on behalf of Hockey Alberta, and are subsequently reimbursed to the Foundation.

6. Deferred Contributions

	<u>Opening</u>	<u>Net Contributions Received</u>	<u>Contributions Recognized as Revenue</u>	<u>Ending</u>
Contribution from Hockey Canada Foundation	\$ 168,501	\$ -	\$ 10,000	\$ 158,501
Legacy Fund Contributions from Curtis Glencross & Friends Inc.	<u>141,883</u>	<u>-</u>	<u>-</u>	<u>141,883</u>
	<u>\$ 310,384</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 300,384</u>

The contribution from Hockey Canada Foundation was received after a hockey gala held in 2019. The funds are dedicated to go towards Alberta programs supported by Hockey Alberta Foundation.

The Curtis Glencross & Friends Inc. Legacy Fund will support a grant based program available for Local Minor Hockey Associations in rural Alberta to ensure kids who are unable to afford to play in their communities have the funds needed to participate.

HOCKEY ALBERTA FOUNDATION**Notes to the Financial Statements****July 31, 2022****7. Endowment**

During the year, the Team Alex Memorial Scholarship Award was established replacing the Barry Ennis Memorial Pond Hockey Award that was previously established in 2008. The endowment was created to grant annual scholarships in the name of the endowment beginning in the fall of 2022 as selected by the Red Deer Pond Hockey Association. Interest earned on the endowment funds is restricted to fund scholarship payments.

8. Casino, 50/50s and Raffle Expenses

	<u>2022</u>	<u>2021</u>
Prize payouts	\$ 2,174,019	\$ 17,104,166
Fees	878,908	3,947,033
Non-recoverable GST	18,441	70,119
Casino expenses	1,288	-
Bank fees	<u>301</u>	<u>358</u>
	<u>\$ 3,072,957</u>	<u>\$ 21,121,676</u>

9. Donations

	<u>2022</u>	<u>2021</u>
Restricted Fund		
Government of Alberta Donation Fund	\$ 1,320,000	\$ 105,000
Hockey Canada	1,108,736	14,898,023
Comrie's Sports Equipment Bank	35,000	25,000
Sport Central Association	35,000	25,000
Heros Hockey	25,000	10,000
Alberta Sports Hall of Fame & Museum	15,000	10,000
Free Play for Kids	<u>10,000</u>	<u>-</u>
	<u>2,548,736</u>	<u>15,073,023</u>
General Fund		
Heros Hockey	<u>10,000</u>	<u>20,000</u>
	<u>\$ 2,558,736</u>	<u>\$ 15,093,023</u>

HOCKEY ALBERTA FOUNDATION

Notes to the Financial Statements

July 31, 2022

10. Charitable Fundraising

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

	<u>2022</u>	<u>2021</u>
Gross contributions received	\$ 257,008	\$ 172,972
Contributions were utilized as follows:		
Event costs	(176,003)	(120,117)
Other operational expenditures	<u>(81,005)</u>	<u>(52,855)</u>
	<u>\$ -</u>	<u>\$ -</u>

11. Related Party Transactions

During the year the Foundation paid Alberta Amateur Hockey Association, which operates as Hockey Alberta, \$50,000 (2021 - \$50,000) for items and services provided through contract and management fees.

The Foundation is subject to significant influence from Hockey Alberta. Hockey Alberta has an economic interest in the Foundation and provides staff and administrative resources 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.

12. Financial Instruments

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.

HOCKEY ALBERTA FOUNDATION

Notes to the Financial Statements

July 31, 2022

12. Financial Instruments, continued

Market risk

The Foundation is exposed to market price risk as the short-term investments are traded in an active market. To mitigate the risk the Foundation has a policy in place that limits certain types of investments to a maximum percentage of total funds invested.

13. Commitment

The Foundation has signed a Memorandum of Understanding with Hockey Alberta which commits the Foundation to pay an annual management fee to Hockey Alberta ending July 31, 2027, subject to early termination with 60 days' written notice by either party. The management fee is determined annually.

14. Subsequent Event

Subsequent to year end the Foundation entered into a gift agreement with the Edmonton Oilers Community Foundation ("EOCF"), whereby EOCF committed to make a gift in the amount of \$1,500,000 to the Foundation to be received in September 2022. The gift is to support various Hockey Alberta Foundation endeavours as outlined in the agreement.

15. Comparative Amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.