

HOCKEY ALBERTA FOUNDATION

Independent Auditor's Report and Financial Statements

July 31, 2024

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, 2024, and the statements of operations, changes in fund balances, 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at July 31, 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 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 expenses, and cash flows from operations for the years ended July 31, 2024 and 2023, current assets as at July 31, 2024 and 2023, and fund balances as at August 1 and July 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended July 31, 2023 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.

Emphasis of Matter

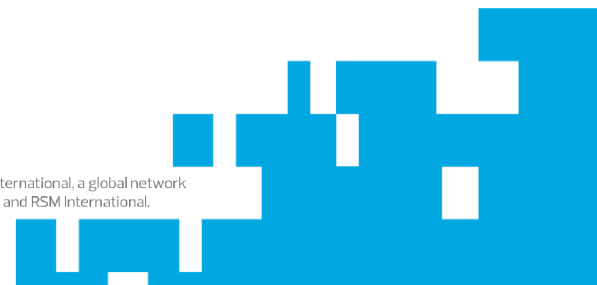
We draw attention to Note 3 of the financial statements, which explains that certain comparative information presented for the year ended July 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

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.

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.
- 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.

RSM Canada LLP

Chartered Professional Accountants
December 3, 2024
Calgary, Alberta

HOCKEY ALBERTA FOUNDATION

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HOCKEY ALBERTA FOUNDATION
Statement of Financial Position
As at July 31, 2024

	2024	2023 <i>Restated</i> <i>(note 3)</i>
ASSETS		
Current assets		
Cash (note 4)	\$ 2,399,179	\$ 2,217,997
Short-term investments (note 5)	421,607	384,779
Accounts receivable (note 6)	465,432	456,529
Prepaid expenses and deposits	<u>2,370</u>	<u>8,785</u>
	3,288,588	3,068,090
Long-term investments (note 7)	21,640	19,977
Cash held for endowment funds (note 9)	<u>204,228</u>	<u>170,568</u>
	<u>\$ 3,514,456</u>	<u>\$ 3,258,635</u>
LIABILITIES		
Current liability		
Accounts payable and accruals	\$ 80,684	\$ 137,817
Deferred contributions (note 8)	<u>20,640</u>	<u>174,556</u>
	<u>101,324</u>	<u>312,373</u>
FUND BALANCES		
General Fund	614,870	319,980
Reserve Fund	421,607	384,779
Restricted Fund	2,172,427	2,050,958
Endowment Fund (note 9)	<u>204,228</u>	<u>190,545</u>
	<u>3,413,132</u>	<u>2,946,262</u>
	<u>\$ 3,514,456</u>	<u>\$ 3,258,635</u>

Commitment (note 14)

Approved by the Board,

_____, Director

_____, Director

See accompanying notes to the financial statements.

HOCKEY ALBERTA FOUNDATION

Statement of Operations Year Ended July 31, 2024

	General Fund	Reserve Fund	Restricted Fund	Endowment Fund	2024	2023
Revenues						
Casino, 50/50s and raffles	\$ -	\$ -	\$ 1,508,421	\$ -	\$ 1,508,421	\$ 2,186,970
Events	619,106	-	-	33,660	652,766	432,898
Non-receipted donations	137,037	-	-	-	137,037	266,291
Tax-receipted donations	29,245	-	-	-	29,245	6,900
Investment income	15,440	-	-	-	15,440	12,321
	<u>800,828</u>	<u>-</u>	<u>1,508,421</u>	<u>33,660</u>	<u>2,342,909</u>	<u>2,905,380</u>
Expenditures						
Events	290,454	-	-	-	290,454	285,858
Contract and management fees (note 12)	60,000	-	-	-	60,000	60,000
Promotions and recognitions	19,309	-	-	-	19,309	13,942
Professional fees	18,406	-	-	-	18,406	16,485
Administrative	11,342	-	-	-	11,342	9,172
Travel	6,760	-	-	-	6,760	6,305
Goods and Services Tax	6,063	-	-	-	6,063	5,223
	<u>412,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,334</u>	<u>396,985</u>
Excess of revenues over expenditures before the following	<u>388,494</u>	<u>-</u>	<u>1,508,421</u>	<u>33,660</u>	<u>1,930,575</u>	<u>2,508,395</u>
Other expenditures						
Casino, 50/50 and raffle expenses (note 10)	-	-	2,492	-	2,492	488,148
Donations (note 11)	75,000	-	1,375,000	-	1,450,000	1,815,000
Scholarships and bursaries	1,000	-	13,000	-	14,000	-
Unrealized gain on investments	(22,764)	-	-	-	(22,764)	(2,356)
	<u>53,236</u>	<u>-</u>	<u>1,390,492</u>	<u>-</u>	<u>1,443,728</u>	<u>2,300,792</u>
Excess of revenues over expenditures	<u>\$ 335,258</u>	<u>\$ -</u>	<u>\$ 117,929</u>	<u>\$ 33,660</u>	<u>\$ 486,847</u>	<u>\$ 207,603</u>

See accompanying notes to the financial statements.

HOCKEY ALBERTA FOUNDATION

Statement of Changes in Fund Balances

Year Ended July 31, 2024

	General Fund	Reserve Fund	Restricted Fund	Endowment Fund	Total 2024	Total 2023
Balance, beginning of year	\$ 319,980	\$ 384,779	\$ 2,050,958	\$ 190,545	\$ 2,946,262	\$ 2,738,659
Excess of revenues over expenditures	335,258	-	117,929	33,660	486,847	207,603
Interfund transfers	(40,368)	36,828	3,540	-	-	-
Adjustment (note 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,977)</u>	<u>(19,977)</u>	<u>-</u>
Balance, end of year	<u>\$ 614,870</u>	<u>\$ 421,607</u>	<u>\$ 2,172,427</u>	<u>\$ 204,228</u>	<u>\$ 3,413,132</u>	<u>\$ 2,946,262</u>

See accompanying notes to the financial statements.

HOCKEY ALBERTA FOUNDATION

Statement of Cash Flows Year Ended July 31, 2024

	2024	2023 <i>Restated</i> <i>(note 3)</i>
CASH PROVIDED BY (USED FOR):		
Operating activities		
Investment income and donations received	\$ 113,156	\$ 6,877
Other contributions received	494,806	539,759
Casino, 50/50s and raffles received	1,512,485	2,201,347
Cash paid to suppliers and other	(472,773)	(834,115)
Donations, scholarships and bursaries paid	(1,464,000)	(1,815,000)
Casino, 50/50s and raffles expenses paid	<u>(2,492)</u>	<u>(488,149)</u>
Increase (decrease) in cash	181,182	(389,281)
Cash, beginning of year	<u>2,217,997</u>	<u>2,607,278</u>
Cash, end of year	<u>\$ 2,399,179</u>	<u>\$ 2,217,997</u>

Non-cash transactions

Investment income of \$14,699 (2023 - \$10,924) was earned as reinvested dividends paid out as distributions of additional fund units resulting in an increase in short-term and long-term investments.

See accompanying notes to the financial statements.

HOCKEY ALBERTA FOUNDATION

Notes to Financial Statements

July 31, 2024

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 ("ASNPO"). The significant accounting policies are detailed as follows:

(a) 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 that are specifically designated as restricted to be used as principal of the endowment. Revenue generated from these funds is used to fund endowment gifts in accordance with the endowment agreement.

(b) 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. Actual results may differ from management's best estimates as additional information becomes available in the future.

(c) 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 and long-term investments which are measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable and cash held for endowment funds. Short-term and long-term investments are subsequently measured at fair value. Financial liabilities measured at amortized cost include accounts payable and accruals.

HOCKEY ALBERTA FOUNDATION

Notes to Financial Statements

July 31, 2024

2. Significant Accounting policies *(continued)*

(c) Financial instruments *(continued)*

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 no 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.

(d) Short-term investments

Investments are comprised of an investment in an Alberta Treasury Branch Conservative Portfolio Fund which provides some capital appreciation while preserving principal and reducing volatility. The fund is recorded at fair value. Funds are available for withdrawal at any time and are therefore classified as current assets.

(e) Long-term investments

Investments are comprised of an investment in an Alberta Treasury Branch Conservative Portfolio Fund which provides some capital appreciation while preserving principal and reducing volatility. The fund is recorded at fair value. Funds are available for withdrawal in line with the terms set out in the donor agreement and therefore classified as long-term assets.

(f) 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. Externally 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.

Event revenue is recognized in the general fund when the event occurs, except for the event held to support the Glencross Legacy Fund (note 8) which is recognized as revenue of the endowment fund. If the event is otherwise externally restricted, the net proceeds from the event is recognized in the general fund in the year in which the related expenditures are incurred.

Investment income is recognized as revenue in the appropriate fund as it is earned, except for investment income earned on internally restricted contributions which is recognized as revenue of the general fund. Investment income on endowments is recognized as it is earned in the appropriate fund according to the terms of the endowment agreement.

(g) 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.

HOCKEY ALBERTA FOUNDATION

Notes to Financial Statements

July 31, 2024

3. Restatement of Prior Year Figures

The financial statements for July 31, 2023 have been restated to reflect the correction to an error in the classification of cash and investments restricted for endowments on the statement of financial position. The correction has been applied retrospectively and the prior year has been restated to reflect this adjustment with reclassification of cash in the amount of \$170,568, and investments in the amount of \$19,977, from current assets to long-term assets as at July 31, 2023. There is no impact to revenues, expenditures, excess of revenues over expenditures or net assets as a result of this restatement.

The effects of the prior period restatements on the financial statements as at year-ended, July 31, 2023, are as follows:

	2023 <i>As Previously Reported</i>	Restatements	2023 <i>Restated</i>
<u>Statement of Financial Position</u>			
Cash	\$ 2,388,565	\$ (170,568)	\$ 2,217,997
Short-term investments	404,756	(19,977)	384,779
Long-term investments	-	19,977	19,977
Cash held for endowment funds	-	170,568	170,568
<u>Statement of Cash Flow</u>			
Other contributions received	\$ 710,327	\$ (170,568)	\$ 539,759
Cash, end of year	2,388,565	(170,568)	2,217,997

4. 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. Included in cash is \$2,168,362 (2023 - \$2,011,893) of undisbursed funds that are subject to these restrictions.

5. Short-term Investments

Investments consist of an Alberta Treasury Branch Conservative Portfolio Fund held by the Foundation. The investment earns income as reinvested dividends which are paid out as additional units of the fund.

6. Accounts Receivable

	<u>2024</u>	<u>2023</u>
Calgary Shaw Charity Classic Foundation	274,500	274,500
Goods and Services Tax rebate	14,945	9,286
Events	175,987	137,743
Donation	-	35,000
	<u>\$ 465,432</u>	<u>\$ 456,529</u>

Included in donation receivable at year-end is \$NIL (2023 - \$35,000) related to amounts that are restricted for use under the terms and conditions set out by AGLC.

HOCKEY ALBERTA FOUNDATION

Notes to Financial Statements

July 31, 2024

6. Accounts Receivable (continued)

Included in Goods and Services Tax rebate at year-end is \$4,064 (2023 - \$4,064) related to amounts that are restricted for use under the terms and conditions set out by AGLC.

7. Long-term investments

Investments consist of an Alberta Treasury Branch Conservative Portfolio Fund held by the Foundation that is restricted by Team Alex to fund scholarship payments (note 8). The investment earns income as reinvested dividends which are paid out as additional units of the fund.

8. Deferred Contributions

	Opening	Adjustment	Additions to fund, net (revenue recognized)	Ending
Contribution from Hockey Canada Foundation	\$ 88,501	\$ -	\$ (88,501)	\$ -
Contributions from Curtis Glencross & Friends Inc.	86,055	-	(86,055)	-
Contribution from Team Alex	<u>-</u>	<u>19,977</u>	<u>663</u>	<u>20,640</u>
	<u>\$ 174,556</u>	<u>\$ 19,977</u>	<u>\$ (173,893)</u>	<u>\$ 20,640</u>

The Foundation received a contribution from Team Alex in 2022. Under the terms of the agreement, the contributions and investment income generated from Team Alex are to fund scholarship payments to support students who demonstrate leadership, dedication and understanding of mental health issues facing youth in sport and in general. The fund was previously classified under the endowment fund. In the current year, the Foundation earned \$1,663 in investment income on the fund, and paid a scholarship totaling \$1,000 to one successful awardee (net \$663).

9. Endowment Fund

The Glencross Legacy Fund was established to support the work and initiatives of the Foundation. The Foundation received a total of \$134,639 (2023 - \$114,740) from Glencross & Friends Inc. during the year. Of the funds received annually, 25% are endowed in perpetuity under the terms of the agreement with the donor and any investment income earned on the cash held for endowment funds is to be used for projects as directed by the Board of Directors. In the current year, a total of \$33,660 was recognized as revenue of the endowment fund.

10. Casino, 50/50s and Raffle Expenses

	2024	2023
Prize payouts	\$ 2,492	\$ 301,035
Fees	-	182,670
Non-recoverable GST	-	4,064
Bank fees	<u>-</u>	<u>379</u>
	<u>\$ 2,492</u>	<u>\$ 488,148</u>

HOCKEY ALBERTA FOUNDATION

Notes to Financial Statements

July 31, 2024

11. Donations

	<u>2024</u>	<u>2023</u>
Restricted Fund		
Government of Alberta Donation Fund	\$ 1,330,000	\$ 1,600,000
Sport Central Association	35,000	35,000
Alberta Sports Hall of Fame and Museum Society	10,000	-
Ladd Foundation	-	90,000
Free Play for Kids	-	20,000
	<u>1,375,000</u>	<u>1,745,000</u>
General Fund		
Calgary Flames Sport Bank	35,000	35,000
Heros Hockey	20,000	20,000
Free Play for Kids	20,000	-
Alberta Sports Hall of Fame and Museum Society	-	15,000
	<u>75,000</u>	<u>70,000</u>
	<u>\$ 1,450,000</u>	<u>\$ 1,815,000</u>

12. Related Party Transactions

During the year, the Foundation paid Alberta Amateur Hockey Association (the "Association"), which operates as Hockey Alberta, \$60,000 (2023 - \$60,000) for items and services provided through contract and management fees.

The Foundation is subject to significant influence from the Association and the Association has an economic interest in the Foundation. As part of this relationship, the Association provides staff and administrative resources to the Foundation and in return the Foundation pays an annual management fee.

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 related parties.

HOCKEY ALBERTA FOUNDATION

Notes to Financial Statements

July 31, 2024

13. 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:

(a) 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. The Foundation is also exposed to credit risk on the cash and cash held for endowment funds. To mitigate this risk the Foundation places its cash with major financial institutions.

(b) Market risk

The Foundation is exposed to market price risk as the short-term and long-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.

(c) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Foundation's expenditures are discretionary and are managed in relation to available cash flow.

There has been no significant changes in the risk exposures from the prior year.

14. Commitment

The Foundation has signed a Memorandum of Understanding with Hockey Alberta which commits the Foundation to pay an annual management fee (note 12) 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.