

**BOW VALLEY HOCKEY SOCIETY**

**FINANCIAL STATEMENTS**

**MAY 31, 2021**

# MBD LLP

*Chartered Professional Accountants*

## **INDEPENDENT AUDITORS' REPORT**

**To the Members of Bow Valley Hockey Society:**

### **Opinion**

We have audited the financial statements of **Bow Valley Hockey Society** (the Society), which comprise the statement of financial position as at **May 31, 2021**, and the statement of operations and changes in net assets, and statement of 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 Society as at **May 31, 2021**, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

### **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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 the financial statements in accordance with ASNPO, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Organization'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 Organization'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 Organization 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.

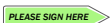
December 22, 2021  
Calgary, Alberta

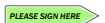
**MBD LLP**  
*Chartered Professional Accountants*

**BOW VALLEY HOCKEY SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**

	<u>2021</u>	<u>May 31,</u> <u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 289,551	\$ 388,016
Restricted cash (Note 3)	4,198	3,400
Prepaid expenses and deposits (Note 4)	<u>71,292</u>	<u>17,306</u>
	365,041	408,722
 Equipment (Note 5)	 <u>3,130</u>	 <u>3,617</u>
	<u>\$ 368,171</u>	<u>\$ 412,339</u>
<b>LIABILITIES</b>		
Current liability:		
Accounts payable and accrued liabilities	\$ 4,765	\$ 7,862
Deferred registration revenue (Note 6)	126,993	74,689
Deferred restricted revenues (Note 3)	<u>4,198</u>	<u>3,400</u>
	135,956	85,951
<b>NET ASSETS</b>		
Unrestricted	<u>232,215</u>	<u>326,388</u>
	<u>\$ 368,171</u>	<u>\$ 412,339</u>

Approved on Behalf of the Members:

 Curtis Gabinet \_\_\_\_\_, Director

 \_\_\_\_\_, Director

## BOW VALLEY HOCKEY SOCIETY

### STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

	Year Ended	
	<u>May 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue:		
Registrations	\$ 612,352	\$ 1,257,133
Interest	1,420	5,054
Hockey revenue	163,084	403,719
Fundraising – (net) (Note 10)	(122)	133,308
Alberta Relaunch Grant	30,000	-
Volunteer bonds	2,800	21,000
	<u>809,534</u>	<u>1,820,214</u>
Expenditures:		
Amortization	1,122	10,401
Coach training	10,931	17,919
Contracted services (Note 7 (b,c))	206,226	181,239
Hockey socks and on-ice supplies	101,845	125,120
Ice rental	227,103	730,141
Insurance	4,718	69,831
Minor Hockey fees	52,185	94,310
Office	39,855	55,328
Other hockey expenses	139,182	281,267
Player evaluations	111,455	171,226
Professional fees	7,350	7,350
Promotions	1,224	6,936
Referees	-	48,821
Volunteer appreciation	511	-
	<u>903,707</u>	<u>1,799,889</u>
(Deficiency) excess of revenue over expenses for the year	(94,173)	20,325
Surplus in net assets, beginning of year	<u>326,388</u>	<u>306,063</u>
Surplus of net assets, end of year	<u>\$ 232,215</u>	<u>\$ 326,388</u>

## BOW VALLEY HOCKEY SOCIETY

### STATEMENT OF CASH FLOWS

	<u>2021</u>	<u>May 31</u> <u>2020</u>
Operating activities:		
Cash receipts from registration and fund raising	\$ 861,505	\$ 1,641,957
Cash paid to suppliers	(953,610)	(1,973,245)
Casino cash received	-	69,612
Raffle cash received	-	196,595
Interest received	<u>1,421</u>	<u>13,196</u>
	(90,684)	(51,885)
Investing activities		
Capital assets purchased	(6,985)	(1,259)
Invested in securities	<u>-</u>	<u>344,848</u>
	(6,985)	343,589
(Decrease) increase in cash	(97,669)	291,704
Cash, beginning of year	<u>391,416</u>	<u>99,712</u>
Cash, end of year	<u>\$ 293,747</u>	<u>\$ 391,416</u>
Cash represented by:		
Cash	\$ 289,550	\$ 388,016
Restricted cash	<u>4,197</u>	<u>3,400</u>
	<u>\$ 293,747</u>	<u>\$ 391,416</u>

**BOW VALLEY HOCKEY SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**

**MAY 31, 2021**

**1. Operations**

Bow Valley Hockey Society ("the Society") is a not-for-profit organization incorporated under the Societies Act of the Province of Alberta. The Society is dedicated to promoting and governing the sport of minor hockey within the boundaries of the Bow Valley jurisdiction. The Society is exempt from income taxes under Section 149(1) (I) of the Income Tax Act.

**2. Significant accounting policies**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

***Cash and cash equivalents***

Cash received with regards to casinos and raffles are subject to restrictions imposed by the Alberta Gaming and Liquor Commission and is therefore restricted. All other cash funds are unrestricted. Term deposits are classified as held for trading and are recorded at fair value. Changes to fair value are recorded as interest income or loss.

***Equipment***

Equipment is initially recorded at cost. Contributed equipment is recorded at the fair value at the date of contribution with a corresponding credit to deferred contributions. Amortization on both the equipment and deferred contributions relating to contributed equipment is provided using the straight-line method over five years and is intended to amortize the cost of equipment over its estimated useful life.

In the year of acquisition or when placed in use, whichever is later, a full year of amortization is taken.

***Revenue recognition***

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Unrestricted investment income is recognized as revenue when earned. Registration fees are recognized in the year to which they relate.

***Financial instrument measurement***

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, term deposits, investments & marketable securities, and trade and other receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**2. Significant accounting policies (continued)**

*Contributed services*

Volunteers contribute a substantial number of hours each year to assist the Society in carrying out its activities. Because of the difficulties in determining their fair value, contributed services are not recognized in the financial statements.

*Measurement uncertainty*

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

**3. Restricted revenues**

Restricted revenues relate to casino and raffle funds received that have restrictions. Such donations are recognized in the Statement of operations and changes in net assets when the required expenditures are incurred.

<b>Summary:</b>	<b>2021</b>	<b>2020</b>
Casino	\$ 2,792	\$ 2,805
Raffle funds	<u>1,406</u>	<u>595</u>
	<u>\$ 4,198</u>	<u>\$ 3,400</u>

**4. Prepaid expenses and deposits**

In the current year the organization prepaid for equipment storage and insurance.

<b>Summary:</b>	<b>2021</b>	<b>2020</b>
Equipment storage and insurance	\$ 2,572	\$ 2,145
3 on 3 expenses	50	4,772
Ice Fees Trico Centre	51,562	-
Ice Fees YMCA	6,600	-
Hockey school apparel	10,508	-
Hockey school ice rental	-	8,930
Junior Flames	<u>-</u>	<u>1,459</u>
	<u>\$ 71,292</u>	<u>\$ 17,306</u>

**5. Equipment**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2021 Net book value</b>	<b>2020 Net book value</b>
Equipment	<u>\$ 202,728</u>	<u>\$ 199,598</u>	<u>\$ 3,130</u>	<u>\$ 3,617</u>

**6. Deferred registration revenue**

Deferred registration revenue represents amounts collected in advance for events that will take place subsequent to year end.



**6. Deferred registration revenue (continued)**

<b>Summary:</b>	<b>2021</b>	<b>2020</b>
Hockey school	\$ 116,059	\$ 61,441
Junior Flames - fall	7,200	5,343
U15 checking clinic	1,484	495
Pre-evaluation skate sessions	<u>2,250</u>	<u>7,410</u>
	<u>\$ 126,993</u>	<u>\$ 74,689</u>

**7. Commitments**

- (a) The Society occupies leased premises subject to monthly rent of \$808 including GST until Dec 31, 2021.
- (b) The Society has entered into a contract with Morgan Hockey Development for consulting services for the position of Manager of Hockey Operations within the Society at a rate of \$8,487 for the period September 1, 2020 to August 31, 2021, and \$8,911 per month for the following year. Morgan Hockey Development will also be paid 50% of the program profits for BVHS including the 3 on 3 Spring Hockey and Summer Camp programs. This contract expires on August 31, 2022 and may be cancelled with 6 months written notice.
- (c) The Society has entered into a contract with Melinda McCall to act as the manager of operations and registrations at a rate of \$4,331 per month for the period September 1, 2020 to August 31, 2021. This contract may be cancelled with 6 months written notice.

**8. Financial instruments**

The Society as part of its operations carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest rate, currency or credit risks arising from these financial instruments except for the following:

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Society is exposed to interest rate risk primarily relating to investments & marketable securities

***Fair value disclosure***

The fair value of investments & marketable securities is determined by reference to quoted market prices. The fair value of cash, restricted cash, term deposits and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturities.

***Change in risk***

There have been no significant changes in the Society's risk factors from the prior year.

**9. Income taxes**

The Society is a not-for-profit organization under the *Income Tax Act* (the "Act") and, as such, is exempt from income taxes. In order to maintain its status as a not-for-profit organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

**10. Additional disclosures**

The Society hosts a number of fundraising events. Costs directly attributable are netted against revenues on the statement of revenues, expenses and surplus in order to provide more relevant information to users. The gross amounts of revenues and expenses pertaining to these events are as follows:

***Fundraising***

	<b>Revenue</b>	<b>Expenses</b>	<b>Net</b>
Casino	\$ 12	\$ 300	\$ (288)
Car raffle	<u>166</u>	<u>-</u>	<u>166</u>
	<u>\$ 178</u>	<u>\$ 300</u>	<u>\$ (122)</u>

**11. Capital management**

The Society defines capital as net assets plus deferred contributions. The Society receives the majority of these operating and capital funds from registration fees and fundraising events.

The Society manages its capital structure and makes adjustments to it based on the funds available to the Society in order to support its ongoing programs and operations.

The Society is not subject to any capital requirements with respect to operating funding. Funding received for designated purposes and casino revenues must be used for the purposes outlined by the funding party or in compliance with the regulations of Alberta Gaming and Liquor Commission. As at May 31, 2021, the Society complied with the external restrictions on all external funding provided.

**12. Subsequent events**

Subsequent to year end, operations continue to be adversely affected by the COVID 19 global pandemic, and the resulting government-imposed restrictions.

The Society will follow Hockey Alberta's guidance as team sport operations resume, and to what extent. Hockey Alberta in turn is following the government mandated phased reopening, and any subsequent future lockdowns.

The Society expects a continued decrease in revenues and expenses in the 2022 fiscal year compared to the 2020 fiscal year. The Society is ultimately unable to project an estimate of the full impact from the imposed restrictions with certainty. Management notes that the Society maintains adequate cash reserves to overcome any unexpected shortfalls due to decreases in registration, or sudden changes in government-imposed restrictions. Management expects that ice costs will be refunded, in situations where the ice time is not used.