

Hockey Canada  
Financial Statements  
For the year ended June 30, 2019

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## Independent Auditor's Report

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To the Members of Hockey Canada

### Opinion

We have audited the financial statements of Hockey Canada (the organization), which comprise the balance sheet as at June 30, 2019, and the statement 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2019, 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 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario

November 14, 2019



## Balance Sheet

June 30						2019	2018
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total	
<b>Assets</b>							
<b>Current</b>							
Cash (Note 2)	\$ 4,697,650	\$ 78,265	\$ 819,233	\$ 5,098,838	\$ 10,693,986	\$	12,626,816
Short-term investments (Note 3)	-	-	-	9,844,563	9,844,563	\$	7,500,000
Accounts receivable (Note 4)	2,005,459	54,927	1,634,206	81,426	3,776,018	-	3,023,824
Receivable from (payable to) funds (Note 5)	330,071	(1,056,534)	3,312,630	(2,586,167)	-	-	-
Hockey Resource Centre inventories (Note 6)	1,025,265	-	-	-	1,025,265	-	830,958
Prepaid expenses	403,321	-	-	-	403,321	-	2,364,195
Due from related parties (Note 7)	-	-	-	-	-	-	1,207,137
	8,461,766	(923,342)	5,766,069	12,438,660	25,743,153	-	27,552,930
Long-term investments (Note 8)	8,349,784	7,787,683	7,736,804	69,579,063	93,453,334	-	87,124,298
Tangible capital assets (Note 9)	1,909,722	-	-	-	1,909,722	-	2,383,683
	\$ 18,721,272	\$ 6,864,341	\$ 13,502,873	\$ 82,017,723	\$ 121,106,209	\$	117,060,911
<b>Liabilities and Fund Balances</b>							
<b>Current</b>							
Accounts payable and accrued liabilities (Note 10)	\$ 4,926,445	\$ 856,437	\$ 390,822	\$ 922,839	\$ 7,096,543	\$	4,800,551
Deferred contributions, operations (Note 11)	206,936	-	-	-	206,936	-	2,891,851
Due to related parties (Note 7)	115,477	-	-	-	115,477	-	-
Deferred revenue, international event hosting	-	-	-	-	-	-	13,268,137
	5,248,858	856,437	390,822	922,839	7,418,956	-	20,960,539
Other liabilities and provisions	-	-	4,636,269	-	4,636,269	-	5,125,683
	5,248,858	856,437	5,027,091	922,839	12,055,225	-	26,086,222
<b>Fund balances</b>							
Internally restricted	1,909,722	6,007,904	8,475,782	81,094,884	97,488,292	-	82,503,527
Unrestricted	11,562,692	-	-	-	11,562,692	-	8,471,162
	13,472,414	6,007,904	8,475,782	81,094,884	109,050,984	-	90,974,689
	\$ 18,721,272	\$ 6,864,341	\$ 13,502,873	\$ 82,017,723	\$ 121,106,209	\$	117,060,911

On behalf of the Board:

Michael Brind'Amour  
Chair of the Board

On behalf of Management:

Tom Renney  
Chief Executive Officer

Brian Cairo  
Chief Financial Officer



Statement of Changes in Fund Balances

For the year ended June 30					2019	2018
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule 1)	Total	Total
Fund balances, beginning of the year	\$ 10,854,845	\$ 5,554,228	\$ 7,189,019	\$ 67,376,597	\$ 90,974,689	\$ 92,673,618
Excess (deficiency) of revenue over expenditures for the year	(608,119)	453,676	2,349,243	15,881,495	18,076,295	(1,698,929)
	10,246,726	6,007,904	9,538,262	83,258,092	109,050,984	90,974,689
Interfund transfers (Note 12)	3,225,688	-	(1,062,480)	(2,163,208)	-	-
Fund balances, end of the year	\$ 13,472,414	\$ 6,007,904	\$ 8,475,782	\$ 81,094,884	\$ 109,050,984	\$ 90,974,689



## Statement of Operations

For the year ended June 30

2019

2018

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total
<b>Revenue</b>						
Funding (Notes 7 and 13)	\$ 7,423,209	\$ -	\$ -	\$ -	\$ 7,423,209	\$ 7,626,471
Marketing (Note 14)	20,760,113	-	-	-	20,760,113	22,171,373
Development (Note 7)	2,661,122	-	-	-	2,661,122	4,153,520
National events and camps (Note 13)	2,355,598	-	-	-	2,355,598	2,651,900
High performance (Note 7)	2,799,202	-	-	-	2,799,202	3,560,521
International event hosting (Note 13 and 14)	-	-	-	36,417,937	36,417,937	2,777,500
Investment and interest income	-	251,711	368,278	3,688,470	4,308,459	3,927,338
Administration	918,918	-	-	-	918,918	110,637
Member services	3,100,981	-	-	-	3,100,981	3,226,221
Grow the game	1,645,751	-	-	-	1,645,751	-
Insurance premiums	-	6,057,724	9,436,167	-	15,493,891	12,069,458
	<b>41,664,894</b>	<b>6,309,435</b>	<b>9,804,445</b>	<b>40,106,407</b>	<b>97,885,181</b>	<b>62,274,939</b>
<b>Expenditures</b>						
Funding	673,793	-	-	-	673,793	146,848
Marketing	2,121,355	-	-	-	2,121,355	2,876,890
Development (Note 7)	2,966,466	-	344,612	-	3,311,078	4,521,158
National events and camps	3,935,286	-	-	-	3,935,286	4,239,297
High performance (Note 7)	11,649,841	-	-	-	11,649,841	17,327,775
International event hosting	-	-	-	23,838,044	23,838,044	3,690,227
Administration	15,929,077	661,028	1,064,059	1,337,182	18,991,346	19,903,240
Custodial fees	-	-	22,164	252,231	274,395	273,018
Member services	3,716,294	-	-	-	3,716,294	1,828,321
Grow the game	1,303,949	-	-	-	1,303,949	-
Member engagement	96,197	-	-	-	96,197	-
Insurance premiums	-	3,840,709	6,056,751	-	9,897,460	7,999,316
Insurance claims	-	1,427,730	73,019	-	1,500,749	1,557,086
	<b>42,392,258</b>	<b>5,929,467</b>	<b>7,560,605</b>	<b>25,427,457</b>	<b>81,309,787</b>	<b>64,363,176</b>
Excess (deficiency) of revenue over expenditures for the year before other item	(727,364)	379,968	2,243,840	14,678,950	16,575,394	(2,088,237)
Other item						
Unrealized gain on market value of investments	119,245	73,708	105,403	1,202,545	1,500,901	389,308
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ (608,119)</b>	<b>\$ 453,676</b>	<b>\$ 2,349,243</b>	<b>\$ 15,881,495</b>	<b>\$ 18,076,295</b>	<b>\$ (1,698,929)</b>

The accompanying notes are an integral part of these financial statements.

# Hockey Canada



## Statement of Cash Flows

For the year ended June 30	2019	2018
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 18,076,295	\$ (1,698,929)
Items not involving cash		
Amortization of tangible capital assets	653,204	786,682
Unrealized gain on market value of investments	(1,500,901)	(389,308)
Gain on disposal of tangible capital assets	-	(142,472)
	<u>17,228,598</u>	<u>(1,444,027)</u>
Changes in non-cash working capital balances		
Accounts receivable	(752,194)	5,017,189
Hockey Resource Centre inventories	(194,307)	(57,981)
Prepaid expenses	1,960,874	(1,679,162)
Accounts payable and accrued liabilities	2,295,992	(4,436,450)
Deferred contributions, operations	(2,684,915)	2,064,085
Deferred revenue, international event hosting	(13,268,137)	13,268,137
Other liabilities and reserves	(489,414)	(307,517)
	<u>(13,132,101)</u>	<u>13,868,301</u>
	<u>4,096,497</u>	<u>12,424,274</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(179,243)	(305,750)
Proceeds on disposal of tangible capital assets	-	645,000
Purchase of investments	(14,672,698)	(7,953,180)
Proceeds on disposal of investments	7,500,000	-
Advances from (repayments to) related parties	1,322,614	(1,251,581)
	<u>(6,029,327)</u>	<u>(8,865,511)</u>
Increase (decrease) in cash during the year	(1,932,830)	3,558,763
Cash, beginning of the year	<u>12,626,816</u>	<u>9,068,053</u>
Cash, end of the year	<u>\$ 10,693,986</u>	<u>\$ 12,626,816</u>



## Notes to the Financial Statements

June 30, 2019

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### 1. Summary of Significant Accounting Policies

**Nature of Operations** Hockey Canada (the "organization") is a Canadian Amateur Athletic Association incorporated without share capital under the laws of Canada. The organization carries on operations for the express purpose of improving and enhancing the growth and development of hockey in Canada.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

**Fund Accounting** The organization follows the restricted fund method of accounting.

The Operating Fund accounts for the costs of programs, administrative and other operating expenditures of the organization funded by fees, funding agencies, sponsorships and other general revenue.

The Health Benefit Trust Fund was established in 1988 to provide supplementary medical and dental coverage during sanctioned hockey activities. The provision for expenses is reviewed regularly by the organization to ensure financial risk is minimized.

The National Equity Fund balance has been accumulated as a precaution against judgments that may be made against the organization as a result of current or future claims. The organization is currently involved in defending legal actions resulting from accidents and injuries involved in sanctioned hockey activities. A provision has been made for all settlements, deductibles and professional fees related to these actions.





Notes to the Financial Statements

June 30, 2019

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1. Summary of Significant Accounting Policies (continued)

Fund Accounting  
(continued)

The Pillars are internally restricted funds which include The Growth Fund, Facilities Fund, Branch Support Fund, the Insurance Rate Stabilization Fund, the International Event Hosting Support Fund and the Technology Fund. These funds are to be used as follows:

Growth Fund is to be used, as determined by the Board of Directors, for the development of hockey in Canada.

Facilities Fund is to be used to support current office structures in planning and to review other initiatives regarding facilities across the country.

Branch Support Fund is to be used to ensure the organization can support Branches for initiatives that are national in scope, but require delivery at the Branch level.

Insurance Rate Stabilization Fund is to be used to ensure future insurance rate increases are buffered.

International Event Hosting Support Fund is to be used to support the organization's hosting of international events.

Technology Fund is to be used to fund future technologies that the organization will utilize.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.



Notes to the Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

- Computer equipment - 3 year straight line basis
- Leasehold improvements - straight-line over the term of the lease
- Office equipment - 5 year straight line basis
- Software - 1 year straight line basis
- Training/medical equipment - 5 year straight line basis

Amortization is recorded in the year following the year of acquisition and no amortization is taken in the year of disposal.

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Unrestricted contributions and sponsorship (marketing) revenue are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably measured and collection is reasonably assured. In certain instances, the organization receives funds from the governments and other supporters to offset specific expenses. When these funds are received prior to incurring the related expenses, they are shown as deferred contributions.

Event revenue is recognized as revenue when performance has been achieved if the amount received can be reasonably measured and collection is reasonably assured.



## Notes to the Financial Statements

June 30, 2019

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### 1. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

High performance, Member services and insurance premium revenues are recognized in the year received or receivable if the amount can be reasonably measured and collection is reasonably assured.

Investment revenue is recognized as revenue in the year in which the income was earned and realized. These amounts are reasonably measurable and collection is reasonably assured.

#### Contributed Materials & Services

Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.

#### Income Taxes

The organization claims an exemption for income tax purposes as a Registered Canadian Amateur Athletic Association. Accordingly, no provision for income taxes has been made in these financial statements.

#### Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.



## Notes to the Financial Statements

June 30, 2019

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### 1. Summary of Significant Accounting Policies (continued)

#### Use of Estimates

The preparation of financial statements in accordance with ASNPO may require 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 reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates were required in the valuation of other liabilities and reserves.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. In addition, all guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

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Notes to the Financial Statements

June 30, 2019

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2. Cash

The organization's bank accounts are held at one chartered bank and earn interest at a rate of bank prime less 1.90% per annum. The prime rate at June 30, 2019 was 3.95% (2018 - 3.45%). Bank balances include \$926,636 (2018 - \$657,716) denominated in U.S. dollars converted to \$1,211,947 (2018 - \$849,741) Canadian. Cash and money market funds totaling \$3,067,291 (2018 - \$3,417,192) are held in an investment portfolio that is grouped with the organizations bank balance. The organization has a \$1,000,000 revolving demand facility at a rate of bank prime and it is secured by a general security agreement. At June 30, 2019, the organization had undrawn credit capacity of \$1,000,000 (2018 - \$1,000,000). The organization has a Visa limit up to a maximum of \$1,250,000. At June 30, 2019, the organization had undrawn credit capacity of approximately \$1,052,000 (2018 - \$1,126,000) on this facility. The organization has an available credit card limit of \$890,000. At June 30, 2019, the organization had undrawn credit capacity of approximately \$358,000 (2018 - \$554,000).

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3. Short-term Investments

Short-term investments consist of guaranteed investment certificates bearing interest at 2.00% and 1.95%, maturing October 2019 and November 2019 respectively.

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4. Accounts Receivable

Accounts receivable includes \$237,383 (2018 - \$450,151) due from third parties denominated in Swiss Francs converted to \$319,637 (2018 - \$598,538) Canadian. Accounts receivable includes \$142,984 (2018 - \$75,000) due from third parties denominated in U.S. dollars converted to \$188,754 (2018 - \$113,947) Canadian. Accounts receivable includes \$194,447 (2018 - \$115,727) in government remittances.

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5. Receivable From Funds / Payable to Funds

The interfund balances are interest free and have no fixed terms of repayment.

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6. Hockey Resource Centre Inventories

Total Hockey Resource Centre inventory expensed during the year was \$1,048,334 (2018 - \$1,021,511).

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Notes to the Financial Statements

June 30, 2019

7. Related Party Transactions

Hockey Canada exercises significant influence over the Hockey Canada Foundation and the Hockey Canada Foundation U.S. (the Foundations) by virtue of its sharing of premises and administrative support. The Foundations were established as registered charitable foundations to raise funds for the use of Hockey Canada and other organizations in the country with objectives similar to Hockey Canada.

Transactions with Hockey Canada Foundation and Hockey Canada Foundation U.S are as follows:

	<u>2019</u>	<u>2018</u>
Donations given		
Hockey Canada Foundation	\$ 935,221	\$ 1,171,554
	<u>2019</u>	<u>2018</u>
Grants received		
Hockey Canada Foundation	\$ 709,727	\$ 522,492

These transactions are measured at the exchange value, which approximates the arms length equivalent value.

	<u>2019</u>	<u>2018</u>
Amounts due to (from) related parties are as follows:		
Hockey Canada Foundation	\$ 113,777	\$ (1,203,457)
Hockey Canada Foundation U.S.	1,700	(3,680)
	<u>\$ 115,477</u>	<u>\$ (1,207,137)</u>

The amounts due to (from) related parties are non-interest bearing, unsecured, and have no fixed terms of repayment.



Notes to the Financial Statements

June 30, 2019

8. Long-term Investments

	2019	2018
Bond funds	\$47,919,534	\$ 41,904,990
Equities	45,533,800	45,013,113
Government bonds	-	206,195
Market value	<u>\$93,453,334</u>	<u>\$ 87,124,298</u>

Long-term investments had an average rate of return of 6.70%.

9. Tangible Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 3,535,645	\$ 3,137,299	\$ 3,525,453	\$ 2,586,812
Leasehold improvements	1,893,207	554,400	1,893,207	471,127
Office equipment	1,481,738	1,438,256	1,470,767	1,469,486
Software	123,571	-	-	-
Training/medical equipment	563,687	558,171	563,687	542,006
	<u>\$ 7,597,848</u>	<u>\$ 5,688,126</u>	<u>\$ 7,453,114</u>	<u>\$ 5,069,431</u>
Net book value		<u>\$ 1,909,722</u>		<u>\$ 2,383,683</u>

Software with a carrying value of \$123,571 is not ready for use at year end. No amortization has been recorded as the asset is not ready for use.

During the year, the organization recognized amortization expense in the amount of \$653,204 (2018 - \$786,682).



## Notes to the Financial Statements

June 30, 2019

## 10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$nil (2018 - \$260,663) payable to the IIHF denominated in Swiss Francs converted to \$nil (2018 - \$346,212) Canadian. Accounts payable and accrued liabilities also include \$1,020,450 denominated in U.S. dollars and \$182,388 denominated in Euros converted to \$1,335,029 and \$269,424 Canadian respectively.

## 11. Deferred Contributions, Operations

Deferred contributions, operations relate to restricted operating funding received in the current period that is related to expenses that will be incurred in the subsequent period.

Changes in the deferred contributions balance reported in the Operating Fund are as follows:

	2019	2018
Balance, beginning of the year	\$ 2,891,851	\$ 827,766
Contributions received	206,936	2,891,851
Recognized to revenue	3,098,787 (2,891,851)	3,719,617 (827,766)
Balance, end of the year	<u>\$ 206,936</u>	<u>\$ 2,891,851</u>

## 12. Interfund Transfers

During the year, the Board of Directors authorized a transfer of \$1,062,480 (2018 - \$2,651,180) from the Equity Fund to the Pillars Fund.

During the year, the Board of Directors authorized a transfer of \$3,225,688 (2018 - \$4,244,067) from the Pillars Funds to the Operating Fund.

## 13. Funding

The general operating grants received from government funding agencies are recorded in the fiscal year to which they apply. Total funding received during the fiscal year was \$4,147,137 received from the Government of Canada, \$2,250,000 from the Province of Alberta, \$125,000 from the City of Edmonton and \$125,000 from Tourism Edmonton (2018 - \$6,740,850).





Notes to the Financial Statements

June 30, 2019

14. Non-Monetary Transactions

Marketing revenue includes value in kind of \$1,848,277 (2018 - \$1,385,660) including products and contributed services in exchange for sponsorship rights. International events hosting includes complimentary ticket sales of \$1,904,478 including tickets in exchange for event hosting services. These transactions have been measured at the fair value of the contributed products and services.

15. Commitments

The organization has entered into a contract with the IIHF committing to event hosting fees. The contract expires during the 2030/2031 season.

The organization has entered into a software licensing agreement, office equipment agreement and an IT management and support services agreement. The contracts expire between February 2020 and October 2021.

The organization has entered into four rental agreements committing to incur the rental and operating costs relating to the organization's rented premises expiring between December 2021 and October 2031.

The expected outflow of funds relating to the above commitments for the next five years are as follows:

2020	\$	2,875,643
2021		3,729,148
2022		2,568,323
2023		2,523,643
2024		<u>7,934,645</u>
	\$	<u>19,631,402</u>

16. Comparative Information

The comparative amounts have been reclassified to conform to the current year's presentation.



June 30, 2019

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## 17. Financial Instrument Risks

### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash, accounts receivable, and investments. The organization has deposited the cash and investments with a reputable financial institution, from which management believes the risk of loss to be remote. The credit risk on accounts receivable arises from reputable corporate partners and organizations in a similar not-for-profit sector.

### Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, and commitments. Due to the organization's current working capital, management believes the risk of loss to be remote.

### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is exposed to all three risks.

The organization's risk management strategies are described below.

### Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization's financial instruments that are exposed to this risk include cash, accounts receivable and accounts payable and accrued liabilities. The organization considers this risk to be acceptable and therefore does not use derivatives to hedge its foreign exchange rate risks.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its equities and bonds within its investment portfolio.



Notes to the Financial Statements

June 30, 2019

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17. Financial Instrument Risks (continued)

Other Price Risk

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The organization is exposed to this risk through its equity holdings within its investment portfolio. Bond funds hold a diversified mix Canadian and U.S. high yield and pooled corporate bonds with an average duration of 5-10 years. Equity funds consist of a diversified portfolio of large cap Canadian, U.S. and International equities.

The organization's exposure to the above risks is unchanged from the prior year.

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## Schedule 1 - Activity for the Pillars Fund

For the year ended June 30, 2019

	Growth Fund	Facilities Fund	Branch Support Fund	Insurance Rate Stabilization Fund	International Event Hosting Support Fund	Technology Fund	Total
Fund balance, beginning of the year	\$ 16,136,238	\$ 3,148,249	\$ 15,177,192	\$ 22,464,279	\$ 757,045	\$ 9,693,594	\$ 67,376,597
Excess of revenues over expenditures for the year	1,021,046	206,832	544,216	1,577,167	12,085,635	446,599	15,881,495
Inter-fund transfers (Note 12)	(1,894,236)	(7,025)	(121,395)	1,062,480	(1,832,995)	629,963	(2,163,208)
Fund balance, end of the year	\$ 15,263,048	\$ 3,348,056	\$ 15,600,013	\$ 25,103,926	\$ 11,009,685	\$ 10,770,156	\$ 81,094,884



Schedule of Sport Canada Funded Revenue and Expenses  
(Unaudited)

For the year ended June 30 2019

Mainstream Athletes

Revenue		\$ 956,126
<b>Expenses</b>		
<u>Core</u>		
Administration costs		3,971,053
Governance		670,886
Staff salaries		10,121,561
Coaching salaries and professional development		807,172
National team programs		8,037,579
Operations and programming		10,226,286
		33,834,537
 <u>Non-core</u>		
Official languages		231,135
		34,065,672
<b>Deficiency of revenue over expenses for mainstream athletes</b>		<b>\$ (33,109,546)</b>

Athletes with a Disability

Revenue		\$ 874,974
<b>Expenses</b>		
<u>Core</u>		
Administration costs		209,003
Governance		35,310
Staff salaries		139,600
Coaching salaries and professional development		148,951
National team programs		930,292
Operations and programming		60,334
		1,523,490
 <u>Non-core</u>		
Official languages		12,165
		1,535,655
<b>Deficiency of revenue over expenses for athletes with a disability</b>		<b>\$ (660,681)</b>