

**Canadian Hockey Association o/a  
Hockey Canada  
Financial Statements  
For the year ended June 30, 2011**

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8
<b>Schedule of Activity for the Pillars Fund</b>	<b>18</b>

000001

---

## Independent Auditor's Report

---

**To the Members of  
Canadian Hockey Association o/a (operating as) Hockey Canada**

We have audited the accompanying financial statements of Canadian Hockey Association o/a (operating as) Hockey Canada, which comprise the balance sheet as at June 30, 2011, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

24(1)

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Hockey Association o/a (operating as) Hockey Canada, as at June 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

24(1)

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

DISCLOSED  
PURSUANT  
TO  
COPYRIGHT  
A-2022-146788

Canadian Hockey Association o/a Hockey Canada



Balance Sheet

June 30

2011

2010

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total
<b>Assets</b>						
<b>Current</b>						
Cash and treasury bills (Note 2)	\$ 6,133,770	\$ 1,149,247	\$ 2,179,005	\$ 9,462,022	\$ 21,301,489	
Accounts receivable	2,285,789	37,945	13,955	-	2,337,689	5,122,652
Receivable from funds (Note 3)	1,300,559	-	-	-	1,300,559	10,154,161
Breakaway inventory	517,876	-	-	-	517,876	518,122
Prepaid expenses	585,388	-	-	-	585,388	642,512
	<u>10,823,382</u>	<u>1,187,192</u>	<u>2,192,960</u>	<u>-</u>	<u>14,203,534</u>	<u>37,738,936</u>
Long-term investments (Note 4)	3,108,294	3,509,144	13,348,432	39,083,618	59,049,488	41,362,639
Capital assets (Note 5)	1,991,186	-	-	-	1,991,186	2,460,308
	<u>\$ 15,922,862</u>	<u>\$ 4,696,336</u>	<u>\$ 15,541,392</u>	<u>\$ 39,083,618</u>	<u>\$ 75,244,208</u>	<u>\$ 81,561,883</u>
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Accounts payable and accrued liabilities (Note 12)	\$ 4,052,037	\$ 774,355	\$ 232,604	\$ 5,058,996	\$ 9,158,621	
Payable to funds (Note 3)	-	126,033	391,060	-	1,300,559	10,154,161
Deferred contributions, operations (Note 6)	1,539,471	-	-	-	1,539,471	1,368,677
	<u>5,591,508</u>	<u>900,388</u>	<u>623,664</u>	<u>783,466</u>	<u>7,899,026</u>	<u>20,681,459</u>
Deferred contributions related to capital assets (Note 7)	816,294	-	-	-	816,294	890,494
Other liabilities and reserves	-	-	10,250,000	-	10,250,000	9,650,000
	<u>6,407,802</u>	<u>900,388</u>	<u>10,873,664</u>	<u>783,466</u>	<u>18,965,320</u>	<u>31,221,953</u>
<b>Fund balances</b>						
Internally restricted	1,174,891	3,795,948	4,667,728	38,300,152	47,938,719	45,302,747
Unrestricted	8,340,169	-	-	-	8,340,169	5,037,183
	<u>9,515,060</u>	<u>3,795,948</u>	<u>4,667,728</u>	<u>38,300,152</u>	<u>56,278,888</u>	<u>50,339,930</u>
	<u>\$ 15,922,862</u>	<u>\$ 4,696,336</u>	<u>\$ 15,541,392</u>	<u>\$ 39,083,618</u>	<u>\$ 75,244,208</u>	<u>\$ 81,561,883</u>

19(1) and 24(1)

19(1) and 24(1)

19(1) and 24(1)

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

000004

Canadian Hockey Association o/a Hockey Canada



Statement of Changes in Fund Balances

For the year ended June 30

					2011	2010
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule)	Total	Total
Fund balance, beginning of the year	\$ 6,606,996	\$ 2,992,437	\$ 4,131,802	\$ 36,608,695	\$ 50,339,930	\$ 39,243,495
Excess (deficiency) of revenue over expenditures for the year	2,398,224	543,799	(51,104)	648,498	3,539,417	10,857,712
	9,005,220	3,536,236	4,080,698	37,257,193	53,879,347	50,101,207
Interfund transfers (Note 8)	331,918	-	-	(331,918)	-	-
Unrealized change in market value of investments during the year (Note 9)	177,922	259,712	587,030	1,374,877	2,399,541	238,723
Fund balance, end of the year	<b>\$ 9,515,060</b>	<b>\$ 3,795,948</b>	<b>\$ 4,667,728</b>	<b>\$ 38,300,152</b>	<b>\$ 56,278,888</b>	<b>\$ 50,339,930</b>

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

000005  
S

Canadian Hockey Association o/a Hockey Canada



Statement of Operations

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2011	2010
<b>Revenue</b>						
Funding (Note 10)	\$ 5,065,517	\$ -	\$ -	\$ 5,065,517	\$ 6,690,085	
Marketing (Note 13)	12,402,843	-	-	12,402,843	14,702,743	
Development	2,153,207	-	-	2,153,207	1,897,172	
Hockey resource centre	1,758,926	-	-	1,758,926	1,577,075	
National events and camps	1,389,785	-	-	1,389,785	1,795,598	
High performance	1,317,785	-	-	1,317,785	1,191,311	
International event hosting	-	-	-	-	25,117,661	
Olympics	174,366	125,737	547,845	2,431,431	1,739,977	
Investment and interest income	1,557,877	-	-	1,557,877	1,303,580	
Administration	2,545,166	-	-	2,545,166	1,360,378	
Member services	1,597,040	-	15,347	1,612,387	2,515,346	
Foundation events	-	3,887,904	8,762,284	-	2,026,685	
Insurance premiums				12,650,188	12,678,630	
	<b>29,962,512</b>	<b>4,013,641</b>	<b>9,325,476</b>	<b>1,583,483</b>	<b>44,885,112</b>	<b>74,596,241</b>
<b>Expenditures</b>						
Funding	367,157	-	-	367,157	456,132	
Marketing	2,017,769	-	-	2,017,769	2,839,339	
Development	2,374,330	-	409,205	2,783,535	2,568,597	
Hockey resource centre	640,438	-	-	640,438	854,051	
National events and camps	2,096,643	-	-	2,096,643	1,771,485	
High performance	6,268,756	-	-	6,268,756	6,548,224	
International event hosting	-	-	-	-	16,182,482	
Olympics	9,912,407	385,402	412,415	780,137	11,490,361	6,500,038
Administration	10,404	-	60,541	154,848	225,793	10,821,265
Custodial fees	1,541,801	-	-	-	1,541,801	168,852
Member services	786,429	-	-	-	786,429	1,194,677
Information services	1,548,154	-	-	-	1,548,154	638,210
Foundation events	-	1,556,960	5,877,225	-	7,434,185	1,967,237
Insurance premiums	-	1,527,480	2,617,194	-	4,144,674	7,624,275
Insurance claims						3,603,665
	<b>27,564,288</b>	<b>3,469,842</b>	<b>9,376,580</b>	<b>934,985</b>	<b>41,345,695</b>	<b>63,738,529</b>
Excess (deficiency) of revenue over expenditures for the year	\$ 2,398,224	\$ 543,799	\$ (51,104)	\$ 648,498	\$ 3,539,417	\$ 10,857,712

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

Canadian Hockey Association o/a Hockey Canada



Statement of Cash Flows

For the year ended June 30

2011

2010

**Cash flows from operating activities**

Excess of revenue over expenditures for the year	\$ 3,539,417	\$ 10,857,712
Items not involving cash	382,592	317,522
Amortization of capital assets		
Amortization of deferred contributions related to capital assets	(74,200)	(74,207)
Loss on disposal of capital assets	179,124	-
	<u>4,026,933</u>	<u>11,101,027</u>

Changes in non-cash working capital balances

Accounts receivable	2,784,963	(3,727,297)
Breakaway inventory	246	184,506
Prepaid expenses	57,124	805,823
Accounts payable and accrued liabilities	(4,099,625)	4,316,918
Deferred contributions, operations	170,794	(1,128,952)
Other liabilities and reserves	600,000	-
	<u>(486,498)</u>	<u>450,998</u>
	<u>3,540,435</u>	<u>11,552,025</u>

**Cash flows from investing activities**

Purchase of capital assets	(92,594)	(196,236)
Purchase of investments	<u>(15,287,308)</u>	<u>(19,211,815)</u>
	<u>(15,379,902)</u>	<u>(19,408,051)</u>

**Decrease in cash during the year**

Cash, beginning of year	<u>21,301,489</u>	<u>29,157,515</u>
Cash, end of year	<u>\$ 9,462,022</u>	<u>\$ 21,301,489</u>

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

# Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2011

### 1. Summary of Significant Accounting Policies

#### Consistent GAAP

The accounting policies of the organization are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

#### Nature of Business

The organization is a Registered Canadian Amateur Athletic Association incorporated without share capital under the laws of Canada. The Association carries on operations for the express purpose of improving and enhancing the growth and development of hockey in Canada.

#### 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 Association funded by fees, funding agencies, sponsorships and other general income.

The Health Benefit Trust Fund was established in 1988 to provide supplementary medical and dental coverage during CHA sanctioned hockey activities. The provision for expenses is reviewed regularly by the Association 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 Association as a result of current or future claims. The Association is currently involved in defending legal actions resulting from accidents and injuries involved in CHA play. Provision has been made for estimated settlements and professional fees related to these actions. This provision is reviewed regularly by the Association throughout the year to ensure that financial risk is minimized.

# Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2011

The Pillars are internally restricted funds which include The Growth Fund, Facilities Fund, Branch Support Fund, the Insurance Rate Stabilization Fund and the International Event Hosting Support 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 by this fund.

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

### Inventory

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

### Capital Assets

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

Amortization is not taken in the year of acquisition.

### 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.

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2011

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

#### **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.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 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 accounts payable and accrued liabilities.

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2011

#### **Financial Instruments**

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis. The fair values of financial instruments are determined using published price quotations, where applicable. Transaction costs relating to all financial instruments are expensed as incurred.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

##### Held-for-trading

This category is comprised of cash and cash equivalents. They are carried in the statement of financial position at fair value with changes in fair value recognized in the Statement of Operations.

##### Available-for-sale

This category is comprised of long-term investments. They are carried on the balance sheet at fair value with changes in fair value recognized in the Statement of Changes in Fund Balances.

##### Loans and receivables

This category includes accounts receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

##### Other financial liabilities

Other financial liabilities includes all financial liabilities and are comprised of accounts payable and accrued liabilities and other liabilities and reserves. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2011

#### Accounting Framework

For the year ends beginning on or after January 1, 2012, Not-for-Profit Organizations will have the option of adopting either International Financial Reporting Standards (IFRS) or GAAP for Not-for-Profit Organizations. The existing standards in the CICA Handbook- Accounting will continue to be available until 2012, at which time they will cease to be authoritative source of Canadian GAAP for Not-for-Profit Organizations. Accordingly, an organization that wishes to adopt GAAP for Not-for-Profit Organizations will be able to adopt the standards early. The organization is currently monitoring changes to the standards to determine the potential impact on its non-consolidated financial statements.

---

#### 2. Cash and Treasury Bills

	2011	2010
Cash	\$ 7,339,599	\$ 21,301,489
Dual currency deposit, earning interest at 4.17%, maturing July 2011	1,932,140	-
1.3% GIC, maturing November 2011	190,283	-
	<hr/> <b>\$ 9,462,022</b>	<hr/> <b>\$ 21,301,489</b>

The organization's bank accounts are held at one chartered bank and earn interest at a rate of bank prime less 2.05% with a certain account requiring a minimum average balance of \$3,000,000 be maintained. The prime rate at June 30, 2011 was 3.00%. Bank balances include \$1,161,934 denominated in U.S. dollars converted to \$1,138,219 Canadian. The organization has a line of credit of \$1,000,000 at a rate of bank prime and it is secured by a general security agreement. At June 30, 2011, the organization had undrawn credit capacity of \$1,000,000 under this facility.

---

#### 3. Receivable From Funds / Payable To Funds

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

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2011

#### 4. Long-Term Investments

	2011	2010
Cash and money market funds (Effective rate 1%-2%)	\$ 1,834,021	\$ 1,969,183
Bond funds	25,903,586	21,077,154
Equities	28,006,628	16,711,015
Corporate bonds	3,305,253	1,605,287
Market value	<u>\$ 59,049,488</u>	<u>\$ 41,362,639</u>

Corporate bonds have effective rates ranging from 3.10% to 6.25% and mature between July 2011 and December 2019. Bond funds had an average rate of return of 4.84%.

#### 5. Capital Assets

	2011	2010		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 529,647	\$ 227,894	\$ 1,836,841	\$ 1,311,661
Leasehold improvements	3,616,499	1,940,652	3,642,713	1,816,489
Office equipment	<u>31,716</u>	<u>18,130</u>	<u>445,662</u>	<u>336,758</u>
	<u><u>\$ 4,177,862</u></u>	<u><u>\$ 2,186,676</u></u>	<u><u>\$ 5,925,216</u></u>	<u><u>\$ 3,464,908</u></u>
Net book value		<u><u>\$ 1,991,186</u></u>		<u><u>\$ 2,460,308</u></u>

During the year, the organization recognized amortization expense in the amount of \$382,592 (2010 -\$317,522).

# Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2011

### 6. 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:

	2011	2010
Balance, beginning of year	\$ 1,368,677	\$ 2,497,629
Contributions received	<u>1,539,471</u>	<u>1,265,261</u>
	2,908,148	3,762,890
Recognized to revenue	<u>(1,368,677)</u>	<u>(2,394,213)</u>
	\$ 1,539,471	\$ 1,368,677
Balance, end of year		

### 7. Deferred Contributions - Capital Assets

Deferred contributions related to capital assets are restricted contributions with which the Association renovated the Canadian Hockey Centre in Calgary, Alberta and are being amortized using the straight-line method over 25 years.

Changes in the deferred contributions related to capital assets are as follows:

	2011	2010
Balance, beginning of year	\$ 890,494	\$ 964,701
Recognized to revenue	<u>(74,200)</u>	<u>(74,207)</u>
	\$ 816,294	\$ 890,494
Balance, end of year		

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2011

---

#### 8. Interfund Transfers

Transfers from the International Pillar were as follows: \$2,743,000 was transferred to the Facilities Pillar; \$2,864,000 to the Branch Support Pillar and \$331,918 to Operations.

---

#### 9. Unrealized Change in Market Value of Investments During the Year

Unrealized changes in the market value of long-term investments classified as "Available for Sale" are recognized as a direct adjustment to the Statement of Changes in Fund Balances. The adjustment of \$2,399,541 (2010 - \$238,723) represents the unrealized change in market value of long-term investments during the year ended June 30, 2011.

---

#### 10. Government Assistance

The general operating grants from Governments and funding agencies are recorded in the fiscal year to which they apply. Total funding received during the fiscal year was \$3,768,500 (2010 - \$5,129,000).

---

#### 11. Commitments

Subsequent to year end, the organization committed to purchasing capital assets of approximately \$3,500,000 to \$4,000,000.

## Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2011

### 12. Related Party Transactions

Hockey Canada exercises significant influence over the Hockey Canada Foundation and the Canadian Hockey 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 of other organizations in the country with objectives similar to Hockey Canada.

Transactions with Hockey Canada Foundation and Canadian Hockey Foundation U.S.

	2011	2010
Donations to the Foundations		
Hockey Canada Foundation	\$ 1,098,054	\$ 1,212,137
Canadian Hockey Foundation U.S.	802	5,563
	<hr/> <u>\$ 1,098,856</u>	<hr/> <u>\$ 1,217,700</u>
Grants received from the Foundations		
Hockey Canada Foundation	<hr/> <u>\$ 392,955</u>	<hr/> <u>\$ 706,100</u>
Amount included in Accounts Payable		
Hockey Canada Foundation	\$ 659,585	\$ 924,275
Canadian Hockey Foundation U.S.	1,356	1,448
	<hr/> <u>\$ 660,941</u>	<hr/> <u>\$ 925,723</u>

### 13. Value in Kind

Sponsorship revenue includes value in kind of \$1,317,747.

## Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2011

### 14. Capital Risk Management

The Organization's objectives when managing capital are to safeguard the Organization's ability to continue as a going concern. Capital is defined by the Organization as all general and internally restricted funds.

The Operating Fund's objective is to provide working capital for the Organization's operating expenses. Deposits and withdrawals to this fund are administered by management and are authorized by Board passage of the annual operating budget.

The Health Benefit Trust Fund is determined by the Board and its objective is to provide supplementary medical and dental coverage during CHA sanctioned activities.

The National Equity Fund is determined by the Board and its objective is to provide against future judgements that may be made against the Organization as a result of current or future claims.

The Growth Fund is determined by the Board and its objective is to be used for the development of hockey in Canada.

The Facilities Fund's objective is to be used to support current office structures in planning and to review other initiatives around the country.

The Branch Fund's objective is to be used to ensure the organization can support Branches for initiatives that are national in scope.

The Insurance Rate Stabilization Fund's objective is to ensure future insurance rate increases are buffered.

The International Event Hosting Support Fund's objective is to help support the hosting of international events.

The Organization is in compliance with its externally imposed capital requirements. The Organization's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2010.

Canadian Hockey Association o/a Hockey Canada



Schedule of Activity for the Pillars Fund

For the year ended June 30	2011					
	Growth Fund	Facilities Fund	Branch Support Fund	Insurance Rate Stabilization Fund	International Event Hosting Support Fund	Total
Fund balance, beginning of the year	\$ 10,000,011	\$ 5,257,109	\$ 7,136,564	\$ 5,279,832	\$ 8,935,179	\$ 36,608,695
Excess (deficiency) of revenues over expenditures for the year	404,955	321,225	77,623	218,572	(373,877)	648,498
Unrealized change in market value of investments during the year	329,739	304,564	375,928	256,564	108,082	1,374,877
Inter-fund transfers (Note 8)	-	2,743,000	2,864,000	-	(5,938,918)	(331,918)
<b>Fund balance, end of the year</b>	<b>\$ 10,734,705</b>	<b>\$ 8,625,898</b>	<b>\$ 10,454,115</b>	<b>\$ 5,754,968</b>	<b>\$ 2,730,466</b>	<b>\$ 38,300,152</b>

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

**Canadian Hockey Association o/a  
Hockey Canada  
Financial Statements  
For the year ended June 30, 2012**

---

**Contents**

Independent Auditor's Report	2
Financial Statements	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Schedule of Activity for the Pillars Fund	19

000019

24(1)

---

## Independent Auditor's Report

---

**To the Members of  
Canadian Hockey Association o/a (operating as) Hockey Canada**

We have audited the accompanying financial statements of Canadian Hockey Association o/a (operating as) Hockey Canada, which comprise the balance sheet as at June 30, 2012, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

24(1)

24(1)

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Hockey Association o/a (operating as) Hockey Canada as at June 30, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

24(1)

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

DISCLOSED  
PURSUANT  
TO  
COPY  
A-2022-146788

Canadian Hockey Association o/a Hockey Canada



Balance Sheet

June 30	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2012	2011
					Total	Total
<b>Assets</b>						
<b>Current</b>						
Cash and treasury bills (Note 2)	\$ 1,196,071	\$ 1,013,093	\$ 2,049,408	\$ 13,455,385	\$ 17,713,957	\$ 9,462,022
Accounts receivable	2,642,309	34,100	27,043	826,183	3,529,635	2,337,689
Receivable from funds (Note 3)	2,483,039	621,517	86,487	-	3,191,043	1,300,559
Breakaway inventory	587,079	-	-	-	587,079	517,876
Prepaid expenses	604,373	-	72	-	604,445	585,388
	<u>7,512,871</u>	<u>1,668,710</u>	<u>2,163,010</u>	<u>14,281,568</u>	<u>25,626,159</u>	<u>14,203,534</u>
Long term prepaid expenses	1,412,959	-	-	-	1,412,959	-
Long-term investments (Note 4)	8,769,783	3,376,969	13,579,156	34,211,975	59,937,283	59,049,488
Capital assets (Note 5)	5,014,925	-	-	-	5,014,925	1,991,186
	<u>\$ 22,709,938</u>	<u>\$ 5,045,679</u>	<u>\$ 15,742,166</u>	<u>\$ 48,493,543</u>	<u>\$ 91,991,326</u>	<u>\$ 75,244,208</u>
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Accounts payable and accrued liabilities (Note 12)	\$ 7,334,831	\$ 1,011,123	\$ 348,366	\$ -	\$ 8,694,320	\$ 5,058,996
Payable to funds (Note 3)	-	-	-	3,191,043	3,191,043	1,300,559
Deferred contributions, operations (Note 6)	1,169,420	-	-	-	1,169,420	1,539,471
	<u>8,504,251</u>	<u>1,011,123</u>	<u>348,366</u>	<u>3,191,043</u>	<u>13,054,783</u>	<u>7,899,026</u>
Deferred contributions related to capital assets (Note 7)	-	-	-	-	-	816,294
Other liabilities and reserves	-	-	10,350,000	-	10,350,000	10,250,000
	<u>8,504,251</u>	<u>1,011,123</u>	<u>10,698,366</u>	<u>3,191,043</u>	<u>23,404,783</u>	<u>18,965,320</u>
<b>Fund balances</b>						
Internally restricted	5,014,925	4,034,556	5,043,800	45,302,500	59,395,781	47,938,719
Unrestricted	9,190,762	-	-	-	9,190,762	8,340,169
	<u>14,205,687</u>	<u>4,034,556</u>	<u>5,043,800</u>	<u>45,302,500</u>	<u>68,586,543</u>	<u>56,278,888</u>
	<u>\$ 22,709,938</u>	<u>\$ 5,045,679</u>	<u>\$ 15,742,166</u>	<u>\$ 48,493,543</u>	<u>\$ 91,991,326</u>	<u>\$ 75,244,208</u>

19(1) and 24(1)

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

000022

Canadian Hockey Association o/a Hockey Canada



Statement of Changes in Fund Balances

For the year ended June 30

2012 2011

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule)	Total	Total
Fund balance, beginning of the year	\$ 9,515,060	\$ 3,795,948	\$ 4,667,728	\$ 38,300,152	\$ 56,278,888	\$ 50,339,930
Excess (deficiency) of revenue over expenditures for the year	(619,724)	472,809	636,834	13,332,302	13,822,221	3,539,417
	8,895,336	4,268,757	5,304,562	51,632,454	70,101,109	53,879,347
Interfund transfers (Note 8)	5,485,217	-	-	(5,485,217)	-	-
Unrealized change in market value of investments during the year (Note 9)	(174,866)	(234,201)	(260,762)	(844,737)	(1,514,566)	2,399,541
Fund balance, end of the year	\$ 14,205,687	\$ 4,034,556	\$ 5,043,800	\$ 45,302,500	\$ 68,586,543	\$ 56,278,888

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

000023

Canadian Hockey Association o/a Hockey Canada



Statement of Operations

For the year ended June 30

2012

2011

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total
<b>Revenue</b>						
Funding (Note 10)	\$ 5,370,164	\$ -	\$ -	\$ 5,370,164	\$ 5,065,517	
Marketing (Note 13)	14,729,399	-	-	14,729,399	12,402,843	
Development	1,307,551	-	-	1,307,551	2,153,207	
Hockey resource centre	1,345,728	-	-	1,345,728	1,758,926	
National events and camps	593,657	-	-	593,657	1,389,785	
High performance	1,469,405	-	-	1,469,405	1,317,785	
International event hosting				36,698,054	36,698,054	
Investment and interest income		133,373	575,050	1,858,927	2,567,350	2,431,431
Administration	731,789	-	-	731,789	1,557,877	
Member services	3,362,005	-	-	3,362,005	2,545,166	
Foundation events	1,472,029	-	-	1,472,029	1,612,387	
Insurance premiums		4,035,242	8,744,897	-	12,780,139	12,650,188
Other income	1,147,314	-	-	-	1,147,314	-
	31,529,041	4,168,615	9,319,947	38,556,981	83,574,584	44,885,112
<b>Expenditures</b>						
Funding	426,592	-	-	426,592	367,157	
Marketing	2,760,576	-	-	2,760,576	2,017,769	
Development	1,878,554	-	73,748	1,952,302	2,783,535	
Hockey resource centre (Note 14)	630,325	-	-	630,325	640,438	
National events and camps	2,019,115	-	-	2,019,115	2,096,643	
High performance	6,927,355	-	-	6,927,355	6,268,756	
International event hosting				23,948,760	23,948,760	
Olympics	8,829				8,829	
Administration	12,934,358	424,092	455,503	1,105,670	14,919,623	11,490,361
Custodial fees			61,771	170,249	232,020	225,793
Member services	2,096,786	-	-	2,096,786	1,541,801	
Information services	1,044,245	-	-	1,044,245	786,429	
Foundation events	1,422,030	-	-	1,422,030	1,548,154	
Insurance premiums		1,672,826	5,750,100	-	7,422,926	7,434,185
Insurance claims		1,598,888	2,341,991	-	3,940,879	4,144,674
	32,148,765	3,695,806	8,683,113	25,224,679	69,752,363	41,345,695
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ (619,724)</b>	<b>\$ 472,809</b>	<b>\$ 636,834</b>	<b>\$ 13,332,302</b>	<b>\$ 13,822,221</b>	<b>\$ 3,539,417</b>

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

000024  
S

Canadian Hockey Association o/a Hockey Canada



Statement of Cash Flows

For the year ended June 30

	2012	2011
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures for the year	\$ 13,822,221	\$ 3,539,417
Items not involving cash		
Amortization of capital assets	197,340	382,592
Amortization of deferred contributions related to capital assets	(816,294)	(74,200)
(Gain)/loss on disposal of capital assets	<u>(1,147,314)</u>	<u>179,124</u>
	<u>12,055,953</u>	<u>4,026,933</u>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	(1,191,946)	2,784,963
Breakaway inventory	(69,203)	246
Prepaid expenses	(1,432,016)	57,124
Accounts payable and accrued liabilities	3,635,324	(4,099,625)
Deferred contributions, operations	(370,051)	170,794
Other current liabilities	<u>100,000</u>	<u>600,000</u>
	<u>672,108</u>	<u>(486,498)</u>
	<u><u>12,728,061</u></u>	<u><u>3,540,435</u></u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(4,724,389)	(92,594)
Proceeds on disposal of capital assets	2,650,624	-
Purchase of investments	<u>(2,402,361)</u>	<u>(15,287,308)</u>
	<u><u>(4,476,126)</u></u>	<u><u>(15,379,902)</u></u>
<b>Increase (decrease) in cash during the year</b>	<b>8,251,935</b>	<b>(11,839,467)</b>
<b>Cash, beginning of year</b>	<b>9,462,022</b>	<b>21,301,489</b>
<b>Cash, end of year</b>	<b>\$ 17,713,957</b>	<b>\$ 9,462,022</b>

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

# Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2012

### 1. Summary of Significant Accounting Policies

#### Consistent GAAP

The accounting policies of the organization are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

#### Nature of Business

The organization is a Registered Canadian Amateur Athletic Association incorporated without share capital under the laws of Canada. The Association carries on operations for the express purpose of improving and enhancing the growth and development of hockey in Canada.

#### 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 Association funded by fees, funding agencies, sponsorships and other general income.

The Health Benefit Trust Fund was established in 1988 to provide supplementary medical and dental coverage during CHA sanctioned hockey activities. The provision for expenses is reviewed regularly by the Association 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 Association as a result of current or future claims. The Association is currently involved in defending legal actions resulting from accidents and injuries involved in CHA play. Provision has been made for estimated settlements and professional fees related to these actions. This provision is reviewed regularly by the Association throughout the year to ensure that financial risk is minimized.

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2012

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 Initiatives Support 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 by this fund.

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

Initiatives Support Fund was approved by the Board of Directors to support three initiatives identified as important to the Association. The fund was created through profits from the 2012 IIHF World Junior Championship and is to be used to support the Association's delivery of programs related to e-learning, technology, and recruitment and retention for a three year period. At the end of the three year period, the Board will examine the need for further funding.

#### Inventory

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

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2012

#### Capital Assets

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

Building	25 year straight line basis
Computer equipment	3 year straight line basis
Leasehold improvements	straight-line over the term of the lease
Office equipment	5 year straight line basis
Training/medical equipment	5 year straight line basis

Amortization is not taken in the year of acquisition

#### Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

#### 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.

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

## Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2012

### 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.

### Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 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.

## Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2012

### Financial Instruments

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis. The fair values of financial instruments are determined using published price quotations, where applicable. Transaction costs relating to all financial instruments are expensed as incurred.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

#### Held-for-trading

This category is comprised of cash and cash equivalents. They are carried in the statement of financial position at fair value with changes in fair value recognized in the Statement of Operations.

#### Available-for-sale

This category is comprised of long-term investments. They are carried on the balance sheet at fair value with changes in fair value recognized in the Statement of Changes in Fund Balances.

#### Loans and receivables

This category includes accounts receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

#### Other financial liabilities

Other financial liabilities are comprised of accounts payable and accrued liabilities and other liabilities and reserves. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2012

#### Accounting Framework

For the year ends beginning on or after January 1, 2012, Not-for-Profit Organizations will have the option of adopting either International Financial Reporting Standards (IFRS) or GAAP for Not-for-Profit Organizations. The existing standards in the CICA Handbook Accounting will continue to be available until 2012, at which time they will cease to be authoritative source of Canadian GAAP for Not-for-Profit Organizations. Accordingly, an organization that wishes to adopt GAAP for Not-for-Profit Organizations will be able to adopt the standards early. The organization is currently monitoring changes to the standards to determine the potential impact on its financial statements.

---

#### 2. Cash and Treasury Bills

	2012	2011
Cash	\$ 17,713,957	\$ 7,339,599
Dual currency deposit	-	1,932,140
1.3% GIC	-	190,283
	<hr/> <b>\$ 17,713,957</b>	<hr/> <b>\$ 9,462,022</b>

The organization's bank accounts are held at one chartered bank and earn interest at a rate of bank prime less 2.05% with a certain account requiring a minimum average balance of \$3,000,000 be maintained. The prime rate at June 30, 2012 was 3.00%. Bank balances include \$420,768 denominated in U.S. dollars converted to \$431,266 Canadian. The organization has a line of credit of \$1,000,000 at a rate of bank prime and it is secured by a general security agreement. At June 30, 2012, the organization had undrawn credit capacity of \$1,000,000 under this facility.

---

#### 3. Receivable From Funds / Payable To Funds

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

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2012

#### 4. Long-Term Investments

	2012	2011
Cash and money market funds (Effective rate 1%-2%)	\$ 2,344,626	\$ 1,834,021
Bond funds	27,847,584	25,903,586
Equities	26,719,249	28,006,628
Corporate bonds	<u>3,025,824</u>	<u>3,305,253</u>
Market value	<u>\$ 59,937,283</u>	<u>\$ 59,049,488</u>

Corporate bonds have effective rates ranging from 4.00% to 6.02% and mature between October 2013 and December 2019. Long-term investments had an average rate of return of 4.32%.

#### 5. Capital Assets

	2012		2011	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 562,508	\$ -	\$ -	\$ -
Computer equipment	1,139,845	346,706	529,647	227,894
Leasehold improvements	2,090,259	169,158	3,616,499	1,940,652
Office equipment	1,306,166	21,853	31,716	18,130
Training/medical equipment	453,864	-	-	-
	<u>\$ 5,552,642</u>	<u>\$ 537,717</u>	<u>\$ 4,177,862</u>	<u>\$ 2,186,676</u>
Net book value		<u>\$ 5,014,925</u>		<u>\$ 1,991,186</u>

During the year, the organization recognized amortization expense in the amount of \$197,340 (2011 -\$382,592).

## Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2012

### 6. 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:

	2012	2011
Balance, beginning of year	\$ 1,539,471	\$ 1,368,677
Contributions received	<u>1,169,420</u>	<u>1,539,471</u>
Recognized to revenue	<u>2,708,891</u>	<u>2,908,148</u>
	<u>(1,539,471)</u>	<u>(1,368,677)</u>
Balance, end of year	<u><b>\$ 1,169,420</b></u>	<u><b>\$ 1,539,471</b></u>

### 7. Deferred Contributions - Capital Assets

Deferred contributions related to capital assets are restricted contributions with which the Association renovated the Canadian Hockey Centre in Calgary, Alberta and are being amortized using the straight-line method over 25 years. During the year, the organization moved to new premises. As such, the remaining balance in deferred contributions was recognized into revenue during the year.

Changes in the deferred contributions related to capital assets are as follows:

	2012	2011
Balance, beginning of year	\$ 816,294	\$ 890,494
Recognized to revenue	<u>(816,294)</u>	<u>(74,200)</u>
Balance, end of year	<u><b>\$ -</b></u>	<u><b>\$ 816,294</b></u>

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2012

#### 8. Interfund Transfers

During the year, the Board of Directors authorized transfers of \$4,644,957 to the Operating Fund from the Facilities Pillar; \$840,260 to the Operating Fund from the Initiatives Pillar and \$5,683,060 to the Initiatives Pillar from the International Pillar.

---

#### 9. Unrealized Change in Market Value of Investments During the Year

Unrealized changes in the market value of long-term investments classified as "Available for Sale" are recognized as a direct adjustment to the Statement of Changes in Fund Balances. The adjustment of \$(1,514,566) (2011 - \$2,399,541) represents the unrealized change in market value of long-term investments during the year ended June 30, 2012.

---

#### 10. Government Assistance

The general operating grants from Governments and funding agencies are recorded in the fiscal year to which they apply. Total funding received during the fiscal year was \$3,815,200 (2011 - \$3,768,500).

---

#### 11. Commitments

The organization has committed to expenditures related to its event hosting activities of \$2,000,000 annually until 2021.

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2012

#### 12. Related Party Transactions

Hockey Canada exercises significant influence over the Hockey Canada Foundation and the Canadian Hockey 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 of other organizations in the country with objectives similar to Hockey Canada.

Transactions with Hockey Canada Foundation and Canadian Hockey Foundation U.S.

	2012	2011
Donations to the Foundations		
Hockey Canada Foundation	\$ 918,121	\$ 1,098,054
Canadian Hockey Foundation U.S.	<u>1,281</u>	<u>802</u>
	<u><u>\$ 919,402</u></u>	<u><u>\$ 1,098,856</u></u>
Grants received from the Foundations		
Hockey Canada Foundation	<u><u>\$ 108,561</u></u>	<u><u>\$ 392,955</u></u>
Amount included in Accounts payable and accrued liabilities		
Hockey Canada Foundation	\$ 517,269	\$ 659,585
Canadian Hockey Foundation U.S.	<u>918</u>	<u>1,356</u>
	<u><u>\$ 518,187</u></u>	<u><u>\$ 660,941</u></u>

---

#### 13. Value in Kind

Sponsorship revenue includes value in kind of \$1,402,813 (2011 - \$1,317,747).

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2012

#### 14. Breakaway Sales

Total breakaway inventory sold during the year was \$630,325 (2011 - \$640,438).

---

#### 15. Capital Risk Management

The Organization's objectives when managing capital are to safeguard the Organization's ability to continue as a going concern. Capital is defined by the Organization as all general and internally restricted funds.

The Operating Fund's objective is to provide working capital for the Organization's operating expenses. Deposits and withdrawals to this fund are administered by management and are authorized by Board passage of the annual operating budget.

The Health Benefit Trust Fund is determined by the Board and its objective is to provide supplementary medical and dental coverage during CHA sanctioned activities.

The National Equity Fund is determined by the Board and its objective is to provide against future judgements that may be made against the Organization as a result of current or future claims.

The Growth Fund is determined by the Board and its objective is to be used for the development of hockey in Canada.

The Facilities Fund's objective is to be used to support current office structures in planning and to review other initiatives around the country.

The Branch Fund's objective is to be used to ensure the organization can support Branches for initiatives that are national in scope.

The Insurance Rate Stabilization Fund's objective is to ensure future insurance rate increases are buffered.

The International Event Hosting Support Fund's objective is to help support the hosting of international events.

The Initiatives Support Fund's objective is to support the Association's delivery of programs related to e-learning, technology and recruitment and retention.

The Organization is in compliance with its externally imposed capital requirements. The Organization's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2011.

Canadian Hockey Association o/a Hockey Canada



Schedule of Activity for the Pillars Fund

For the year ended June 30	2012						
	Growth Fund	Facilities Fund	Branch Support Fund	Insurance Rate Stabilization Fund	International Event Hosting Support Fund	Initiatives Pillar	Total
Fund balance, beginning of the year	\$ 10,734,705	\$ 8,625,898	\$ 10,454,115	\$ 5,754,968	\$ 2,730,466	\$ -	\$ 38,300,152
Excess (deficiency) of revenues over expenditures for the year	470,939	378,427	(142,768)	256,076	12,369,628	-	13,332,302
Unrealized change in market value of investments during the year	(235,581)	(190,932)	(242,058)	(126,470)	(49,696)	4,842,800	(844,737)
Inter-fund transfers (Note 8)	-	(4,644,957)	-	-	(5,683,060)	-	(5,485,217)
Fund balance, end of the year	\$ 10,970,063	\$ 4,168,476	\$ 10,069,289	\$ 5,884,574	\$ 9,367,338	\$ 4,842,800	\$ 45,302,500

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

000037

**Canadian Hockey Association o/a  
Hockey Canada  
Financial Statements  
For the year ended June 30, 2013**

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8
<b>Schedule 1 - Balance Sheet as at June 30, 2012</b>	<b>20</b>
<b>Schedule 2 - Balance Sheet as at July 1, 2011</b>	<b>21</b>
<b>Schedule 3 - Statement of Operations for the year ended June 30, 2012</b>	<b>22</b>
<b>Schedule 4 - Activity for the Pillars Fund</b>	<b>23</b>

000038

---

## Independent Auditor's Report

---

**To the Members of  
Canadian Hockey Association o/a (operating as) Hockey Canada**

We have audited the accompanying financial statements of Canadian Hockey Association o/a (operating as) Hockey Canada, which comprise the balance sheets as at June 30, 2013, June 30, 2012 and July 1, 2011, the statements of operations, changes in fund balances and cash flows for the years ended June 30, 2013 and June 30, 2012, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

24(1)

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Hockey Association o/a (operating as) Hockey Canada as at June 30, 2013, June 30, 2012 and July 1, 2011 and the results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

24(1)

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

DISCLOSED  
PURSUANT  
TO  
COPYRIGHT  
A-2022-146788

Canadian Hockey Association o/a Hockey Canada



Balance Sheet

	June 30, 2013	June 30, 2012	July 1, 2011				
	(Schedule 1)		(Schedule 2)				
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total	Total
<b>Assets</b>							
<b>Current</b>							
Cash (Note 3)	\$ 1,548,723	\$ 1,194,487	\$ 2,397,650	\$ 263,860	\$ 5,404,720	\$ 17,713,957	\$ 9,462,022
Accounts receivable	2,281,427	1,028,444	13,391	1,251,512	4,584,774	3,529,635	2,337,689
Receivable from funds (Note 4)	347,515	739,788	1,569,007	-	2,656,310	3,191,043	1,300,559
Breakaway inventory	573,105	-	-	-	573,105	587,079	517,876
Prepaid expenses	1,749,144	-	-	-	1,749,144	604,445	585,388
	6,499,914	2,972,719	3,980,048	1,515,372	14,968,053	25,626,159	14,203,534
Long term prepaid expenses	352,145	-	-	-	352,145	1,412,959	-
Long-term investments (Note 5)	16,789,318	3,728,201	14,612,493	30,362,895	65,492,907	59,937,283	59,049,488
Property, plant and equipment (Note 6)	4,919,027	-	-	-	4,919,027	5,014,925	1,991,186
	\$ 28,560,404	\$ 6,700,920	\$ 18,592,541	\$ 31,878,267	\$ 85,732,132	\$ 91,991,326	\$ 75,244,208
<b>Liabilities and Fund Balances</b>							
<b>Current</b>							
Accounts payable and accrued liabilities (Note 7 and 12)	\$ 3,523,979	\$ 2,062,393	\$ 579,612	\$ 304,251	\$ 6,470,235	\$ 8,694,320	\$ 5,058,996
Payable to funds (Note 4)	2,308,795	-	-	347,515	2,656,310	3,191,043	1,300,559
Deferred contributions, operations (Note 8)	2,276,907	-	-	-	2,276,907	1,169,420	1,539,471
	8,109,681	2,062,393	579,612	651,766	11,403,452	13,054,783	7,899,026
Deferred capital contributions	-	-	-	-	-	-	816,294
Other liabilities and reserves	-	-	12,500,000	-	12,500,000	10,350,000	10,250,000
	8,109,681	2,062,393	13,079,612	651,766	23,903,452	23,404,783	18,965,320
<b>Fund balances</b>							
Internally restricted	4,919,027	4,638,527	5,512,929	31,226,501	46,296,984	59,395,781	47,938,719
Unrestricted	15,531,696	-	-	-	15,531,696	9,190,762	8,340,169
	20,450,723	4,638,527	5,512,929	31,226,501	61,828,680	68,586,543	56,278,888
	\$ 28,560,404	\$ 6,700,920	\$ 18,592,541	\$ 31,878,267	\$ 85,732,132	\$ 91,991,326	\$ 75,244,208

On behalf of the Board:

On behalf of Management:

000041

24(1)

## Canadian Hockey Association o/a Hockey Canada



### Statement of Changes in Fund Balances

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule 4)	Total
Fund balances, July 1, 2011	\$ 9,515,060	\$ 3,795,948	\$ 4,667,728	\$ 38,300,152	\$ 56,278,888
Excess (deficiency) of revenue over expenditures for the year ended June 30, 2012 (Note 2) (Schedule 3)	(794,590)	238,608	376,072	12,487,565	12,307,655
	8,720,470	4,034,556	5,043,800	50,787,717	68,586,543
Interfund transfers	5,485,217	-	-	(5,485,217)	-
Fund balances, June 30, 2012	14,205,687	4,034,556	5,043,800	45,302,500	68,586,543
Excess (deficiency) of revenue over expenditures for the year ended June 30, 2013	1,409,253	603,971	469,129	(9,240,216)	(6,757,863)
	15,614,940	4,638,527	5,512,929	36,062,284	61,828,680
Interfund transfers (Note 9)	4,835,783	-	-	(4,835,783)	-
<u>Fund balances, June 30, 2013</u>	<u>\$ 20,450,723</u>	<u>\$ 4,638,527</u>	<u>\$ 5,512,929</u>	<u>\$ 31,226,501</u>	<u>\$ 61,828,680</u>

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

000042

Canadian Hockey Association o/a Hockey Canada



Statement of Operations

For the year ended June 30

2013 2012  
(Schedule 3)

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total
<b>Revenue</b>						
Funding (Note 10 and 12)	\$ 5,875,229	\$ -	\$ -	\$ -	\$ 5,875,229	\$ 5,370,164
Marketing (Note 13)	20,108,278	-	-	-	20,108,278	14,729,399
Development	1,549,432	-	-	-	1,549,432	1,307,551
Hockey resource centre	1,586,643	-	-	-	1,586,643	1,345,728
National events and camps	1,106,051	-	-	-	1,106,051	593,657
High performance	1,254,607	-	-	-	1,254,607	1,469,405
International event hosting	-	-	-	4,370,621	4,370,621	36,698,054
Investment and interest income	-	179,517	654,772	2,297,797	3,132,086	2,567,350
Administration	900,385	-	-	-	900,385	731,789
Member services	3,812,695	-	-	-	3,812,695	3,362,005
Foundation events	366,198	-	-	-	366,198	1,472,029
Insurance premiums	-	4,011,729	8,608,531	-	12,620,260	12,780,139
Other income	-	-	-	-	-	1,147,314
	<b>36,559,518</b>	<b>4,191,246</b>	<b>9,263,303</b>	<b>6,668,418</b>	<b>56,682,485</b>	<b>83,574,584</b>
<b>Expenditures</b>						
Funding	209,506	-	-	-	209,506	426,592
Marketing	2,995,177	-	-	-	2,995,177	2,760,576
Development	2,529,832	-	313,441	-	2,843,273	1,952,302
Hockey resource centre (Note 14)	588,080	-	-	-	588,080	630,325
National events and camps	3,113,523	-	-	-	3,113,523	2,019,115
High performance	7,967,312	-	-	-	7,967,312	6,927,355
International event hosting	-	-	-	6,142,580	6,142,580	23,948,760
Olympics	155,236	-	-	-	155,236	8,829
Administration	11,942,981	421,850	464,052	651,232	13,480,115	14,919,623
Custodial fees	-	-	54,460	149,737	204,197	232,020
Member services	5,116,113	-	-	-	5,116,113	2,758,489
Information services	840,827	-	-	-	840,827	382,542
Foundation events	373,694	-	-	-	373,694	1,422,030
Donations (Note 12)	-	-	-	10,000,000	10,000,000	-
Insurance premiums	-	1,689,396	5,749,700	-	7,439,096	7,422,926
Insurance claims	-	1,676,558	2,673,217	-	4,349,775	3,940,879
	<b>35,832,281</b>	<b>3,787,804</b>	<b>9,254,870</b>	<b>16,943,549</b>	<b>65,818,504</b>	<b>69,752,363</b>
<b>Excess (deficiency) of revenue over expenditures for the year before other item</b>	<b>727,237</b>	<b>403,442</b>	<b>8,433</b>	<b>(10,275,131)</b>	<b>(9,136,019)</b>	<b>13,822,221</b>
<b>Other Item</b>						
Unrealized gain (loss) on market value of investments	<b>682,016</b>	<b>200,529</b>	<b>460,696</b>	<b>1,034,915</b>	<b>2,378,156</b>	<b>(1,514,566)</b>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ 1,409,253</b>	<b>\$ 603,971</b>	<b>\$ 469,129</b>	<b>\$ (9,240,216)</b>	<b>\$ (6,757,863)</b>	<b>\$ 12,307,655</b>

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

Canadian Hockey Association o/a Hockey Canada



Statement of Cash Flows

For the year ended June 30	2013	2012
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	\$ (6,757,863)	\$ 12,307,655
Items not involving cash		
Amortization of property, plant and equipment	763,850	197,340
Amortization of deferred capital contributions	-	(816,294)
Unrealized (gain) loss on market value of investments	(2,378,156)	1,514,566
(Gain)/loss on disposal of property, plant and equipment	-	(1,147,314)
	<u>(8,372,169)</u>	<u>12,055,953</u>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	(1,055,139)	(1,191,946)
Breakaway inventory	13,974	(69,203)
Prepaid expenses	(83,885)	(1,432,016)
Accounts payable and accrued liabilities	(2,224,085)	3,635,324
Deferred contributions, operations	1,107,487	(370,051)
Other liabilities and reserves	2,150,000	100,000
	<u>(91,648)</u>	<u>672,108</u>
	<u>(8,463,817)</u>	<u>12,728,061</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(667,952)	(4,724,389)
Proceeds on disposal of property, plant and equipment	-	2,650,624
Purchase of investments	(3,177,468)	(2,402,361)
	<u>(3,845,420)</u>	<u>(4,476,126)</u>
<b>Increase (decrease) in cash during the year</b>	<b>(12,309,237)</b>	<b>8,251,935</b>
<b>Cash, beginning of year</b>	<b>17,713,957</b>	<b>9,462,022</b>
<b>Cash, end of year</b>	<b>\$ 5,404,720</b>	<b>\$ 17,713,957</b>

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

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2013

---

#### 1. Summary of Significant Accounting Policies

##### Nature of Operations

The organization is a Canadian Amateur Athletic Association incorporated without share capital under the laws of Canada. The Association 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 Association funded by fees, funding agencies, sponsorships and other general income.

The Health Benefit Trust Fund was established in 1988 to provide supplementary medical and dental coverage during CHA sanctioned hockey activities. The provision for expenses is reviewed regularly by the Association 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 Association as a result of current or future claims. The Association is currently involved in defending legal actions resulting from accidents and injuries involved in CHA play. Provision has been made for estimated settlements and professional fees related to these actions. This provision is reviewed regularly by the Association throughout the year to ensure that financial risk is minimized.

## Canadian Hockey Association o/à Hockey Canada



### Notes to Financial Statements

June 30, 2013

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 Initiatives Support 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 by this fund.

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

Initiatives Support Fund was approved by the Board of Directors to support three initiatives identified as important to the Association. The fund was created through profits from the 2012 IIHF World Junior Championship and is to be used to support the Association's delivery of programs related to e-learning, technology, and recruitment and retention for a three year period. At the end of the three year period, the Board will examine the need for further funding.

#### Inventory

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

# Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2013

### Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Building	- 25 year straight line basis
Computer equipment	- 3 year straight line basis
Leasehold improvements	- straight-line over the term of the lease
Office equipment	- 5 year straight line basis
Training/medical equipment	- 5 year straight line basis

Amortization is not taken in the year of acquisition.

### Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

### 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.

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

## Canadian Hockey Association o/a Hockey Canada



## Notes to Financial Statements

June 30, 2013

### 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 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.

### Use of Estimates

The preparation of financial statements in accordance with ASNPO 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 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.

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2013

---

#### 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 unrealized 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 and charged to the financial instrument for those measured at amortized cost.

---

#### 2. First Time Adoption of Canadian Accounting Standards for Not-for-Profit Organizations

Effective July 1, 2012, the organization adopted the requirements of the new accounting framework, Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting. These are the organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended June 30, 2013, the comparative information presented in these financial statements for the year ended June 30, 2012 and in the preparation of an opening ASNPO balance sheet at the date of transition of July 1, 2011.

The organization issued financial statements for the year ended June 30, 2012 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of ASNPO resulted in adjustments to the previously reported fund balances, excess (deficiency) of revenue over expenditures for the year and cash flows of the organization.

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2013

#### 2. First Time Adoption of Canadian Accounting Standards for Not-for-Profit Organizations (Continued)

A reconciliation of the excess (deficiency) of revenue over expenditures reported in the organization's June 30, 2012 financial statements to its excess (deficiency) of revenue over expenditures under ASNPO for the same period is as follows:

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total
Excess (deficiency) of revenue over expenditures Pre-changeover Accounting Standards	\$ (619,724)	\$ 472,809	\$ 636,834	\$ 13,332,302	\$13,822,221
Unrealized loss on long-term investments previously recorded directly to fund balances	(174,866)	(234,201)	(260,762)	(844,737)	(1,514,566)
Excess (deficiency) of revenue over expenditures, ASNPO	\$ (794,590)	\$ 238,608	\$ 376,072	\$ 12,487,565	\$12,307,655

No exemptions were used at the date of transition to ASNPO.

000050

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2013

---

#### 3. Cash

The organization's bank accounts are held at one chartered bank and earn interest at a rate of bank prime less 2.05% with a certain account requiring a minimum average balance of \$3,000,000 be maintained. The prime rate at June 30, 2013 was 3.00%. Bank balances include \$70,979 denominated in U.S. dollars converted to \$76,605 Canadian. The organization has a line of credit of \$1,000,000 at a rate of bank prime and it is secured by a general security agreement. At June 30, 2013, the organization had undrawn credit capacity of \$1,000,000 under this facility as well as a letter of credit in the amount of \$200,000.

---

#### 4. Receivable From Funds / Payable To Funds

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

---

#### 5. Long-Term Investments

	2013	2012
Cash and money market funds (Effective rate 1%-2%)	\$ 6,022,580	\$ 2,344,626
Bond funds	23,718,855	27,847,584
Equities	33,213,678	26,719,249
Government bonds	915,251	-
Corporate bonds	<u>1,622,543</u>	<u>3,025,824</u>
Market value	<u><u>\$65,492,907</u></u>	<u><u>\$ 59,937,283</u></u>

Corporate and government bonds have effective rates ranging from 3.18% to 6.02% and mature between January 2014 and December 2019. Long-term investments had an average rate of return of 3.80%.

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2013

#### 6. Property, Plant and Equipment

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 562,508	\$ 22,501	\$ 562,508	\$ -
Computer equipment	1,548,669	658,297	1,139,845	346,706
Leasehold improvements	2,193,598	250,237	2,090,259	169,158
Office equipment	1,432,734	279,532	1,306,166	21,853
Training/medical equipment	482,858	90,773	453,864	-
	<hr/> <u>\$ 6,220,367</u>	<hr/> <u>\$ 1,301,340</u>	<hr/> <u>\$ 5,552,642</u>	<hr/> <u>\$ 537,717</u>
Net book value		<hr/> <u>\$ 4,919,027</u>		<hr/> <u>\$ 5,014,925</u>

During the year, the organization recognized amortization expense in the amount of \$763,850 (2012 - \$197,340).

---

#### 7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$144,320 denominated in U.S. dollars converted to \$150,344 Canadian. Also included in accounts payable and accrued liabilities are government remittances totaling \$412,900 (2012 - \$182,003).

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2013

---

#### 8. 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:

	2013	2012
Balance, beginning of year	\$ 1,169,420	\$ 1,539,471
Contributions received	<u>2,276,907</u>	<u>1,169,420</u>
Recognized to revenue	<u>3,446,327</u>	<u>2,708,891</u>
	<u>(1,169,420)</u>	<u>(1,539,471)</u>
Balance, end of year	<u>\$ 2,276,907</u>	<u>\$ 1,169,420</u>

---

#### 9. Interfund Transfers

During the year, the Board of Directors authorized a transfer of \$4,835,783 to the Operating Fund from the Pillars funds.

---

#### 10. 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 \$4,422,600 (2012 - \$3,815,200).

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2013

#### 11. Commitments

The organization has entered into a contract with the IIHF committing to a hosting fee. The contract expires during the 2020/2021 season.

The organization has also entered into a contract with Exchange Solutions Inc. committing fees until 2017.

The organization has entered into a rental agreement committing to incur the operating costs relating to the organization's rented premises until 2031.

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

2014	\$ 3,135,120
2015	4,035,120
2016	3,135,120
2017	3,690,120
2018	2,235,120

---

#### 12. Related Party Transactions

Hockey Canada exercises significant influence over the Hockey Canada Foundation and the Canadian Hockey 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 Canadian Hockey Foundation U.S.

	2013	2012
Donations to the Foundations		
Hockey Canada Foundation	\$ 10,296,611	\$ 918,121
Canadian Hockey Foundation U.S.	1,336	1,281
	<hr/> <b>\$ 10,297,947</b>	<hr/> <b>\$ 919,402</b>

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2013

#### 12. Related Party Transactions (continued)

	2013	2012
Grants received from the Foundations Hockey Canada Foundation	<u>\$ 331,532</u>	<u>\$ 108,561</u>
Amount included in Accounts payable and accrued liabilities Hockey Canada Foundation Canadian Hockey Foundation U.S.	<u>\$ 94,674</u> <u>(402)</u>	<u>\$ 517,269</u> <u>918</u>
	<u>\$ 94,272</u>	<u>\$ 518,187</u>

---

#### 13. Marketing

Sponsorship revenue includes value in kind of \$1,440,779 (2012 - \$1,402,813).

---

#### 14. Hockey Resource Centre

Total breakaway inventory sold during the year was \$588,080 (2012 - \$630,325).

---

#### 15. Comparative Amounts

Comparative amounts have been reclassified to conform to current year's presentation.

---

## Canadian Hockey Association o/a Hockey Canada



### Notes to Financial Statements

June 30, 2013

---

#### 16. 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 long term investments. The organization has deposited the cash and long-term 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. There have been no changes to the organization's credit risk exposure from the prior year.

##### 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. Due to the organization's current working capital, management believes the risk of loss to be remote. The exposure to liquidity risk is unchanged from the prior year.

##### Foreign 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 and accounts payable and accrued liabilities. The exposure to foreign currency risk is unchanged from prior year.

##### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include two types of risk: interest rate risk and equity risk.

##### 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. The exposure to interest rate risk is unchanged from the prior year.

##### Equity Risk

Equity 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. The exposure to equity risk is unchanged from the prior year.

Canadian Hockey Association o/a Hockey Canada



**Schedule 1 - Balance Sheet**

(Shown only for the purpose of adoption to ASNPO)

June 30, 2012

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total
<b>Assets</b>					
Current					
Cash	\$ 1,196,071	\$ 1,013,093	\$ 2,049,408	\$ 13,455,385	\$ 17,713,957
Accounts receivable	2,642,309	34,100	27,043	826,183	3,529,635
Receivable from funds	2,483,039	621,517	86,487	-	3,191,043
Breakaway inventory	587,079	-	-	-	587,079
Prepaid expenses	604,373	-	72	-	604,445
	7,512,871	1,668,710	2,163,010	14,281,568	25,626,159
Long term prepaid expenses	1,412,959	-	-	-	1,412,959
Long-term investments	8,769,183	3,376,969	13,579,156	34,211,975	59,937,283
Property, plant and equipment	5,014,925	-	-	-	5,014,925
	\$ 22,709,938	\$ 5,045,679	\$ 15,742,166	\$ 48,493,543	\$ 91,991,326
<b>Liabilities and Fund Balances</b>					
Current					
Accounts payable and accrued liabilities	\$ 7,334,831	\$ 1,011,123	\$ 348,366	\$ -	\$ 8,694,320
Payable to funds	1,169,420	-	-	3,191,043	3,191,043
Deferred contributions, operations	-	-	-	-	1,169,420
	8,504,251	1,011,123	348,366	3,191,043	13,054,783
Other liabilities and reserves	-	-	10,350,000	-	10,350,000
	8,504,251	1,011,123	10,698,366	3,191,043	23,404,783
Fund balances					
Internally restricted	5,014,925	4,034,556	5,043,800	45,302,500	59,395,781
Unrestricted	9,190,762	-	-	-	9,190,762
	14,205,687	4,034,556	5,043,800	45,302,500	68,586,543
	\$ 22,709,938	\$ 5,045,679	\$ 15,742,166	\$ 48,493,543	\$ 91,991,326

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

000057

20

Canadian Hockey Association o/a Hockey Canada



Schedule 2 - Balance Sheet

(Shown only for the purpose of adoption to ASNPO)

July 1, 2011

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total
<b>Assets</b>					
<b>Current</b>					
Cash and treasury bills	\$ 6,133,770	\$ 1,149,247	\$ 2,179,005	\$ -	\$ 9,462,022
Accounts receivable	2,285,789	37,945	13,955	-	2,337,689
Receivable from funds	1,300,559	-	-	-	1,300,559
Breakaway inventory	517,876	-	-	-	517,876
Prepaid expenses	585,388	-	-	-	585,388
Long-term investments	10,823,382	1,187,192	2,192,960		14,203,534
Property, plant and equipment	3,105,294	3,509,144	13,348,432	39,083,618	59,049,488
	1,991,186	-	-	-	1,991,186
	<b>\$ 15,922,862</b>	<b>\$ 4,696,336</b>	<b>\$ 15,541,392</b>	<b>\$ 39,083,618</b>	<b>\$ 75,244,208</b>
<b>Liabilities and Fund Balances</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 4,052,037	\$ 774,355	\$ 232,604	\$ -	\$ 5,058,996
Payable to funds		126,033	391,060	783,466	1,300,559
Deferred contributions, operations	1,539,471	-	-	-	1,539,471
	<b>\$ 5,591,508</b>	<b>\$ 900,388</b>	<b>\$ 623,664</b>	<b>\$ 783,466</b>	<b>\$ 7,899,026</b>
Deferred capital contributions	816,294	-	-	-	816,294
Other liabilities and reserves		-	10,250,000	-	10,250,000
	<b>6,407,802</b>	<b>\$ 900,388</b>	<b>\$ 10,873,664</b>	<b>\$ 783,466</b>	<b>\$ 18,965,320</b>
<b>Fund balances</b>					
Internally restricted	1,174,891	3,795,948	4,667,728	38,300,152	47,938,719
Unrestricted	8,340,169	-	-	-	8,340,169
	<b>9,515,060</b>	<b>\$ 3,795,948</b>	<b>\$ 4,667,728</b>	<b>\$ 38,300,152</b>	<b>\$ 56,278,888</b>
	<b>\$ 15,922,862</b>	<b>\$ 4,696,336</b>	<b>\$ 15,541,392</b>	<b>\$ 39,083,618</b>	<b>\$ 75,244,208</b>

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

000058

Canadian Hockey Association o/a Hockey Canada



**Schedule 3 - Statement of Operations**  
(Shown only for the purpose of adoption to ASNPO)

For the year ended June 30, 2012

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total
<b>Revenue</b>					
Funding	\$ 5,370,164	\$ -	\$ -	\$ -	\$ 5,370,164
Marketing	14,729,399	-	-	-	14,729,399
Development	1,307,551	-	-	-	1,307,551
Hockey resource centre	1,345,728	-	-	-	1,345,728
National events and camps	593,657	-	-	-	593,657
High performance	1,469,405	-	-	-	1,469,405
International event hosting	-	-	-	36,698,054	36,698,054
Investment and interest income	133,373	575,050	1,858,927	-	2,567,350
Administration	731,789	-	-	-	731,789
Member services	3,362,005	-	-	-	3,362,005
Foundation events	1,472,029	-	-	-	1,472,029
Insurance premiums	-	4,035,242	8,744,897	-	12,780,139
Other income	1,147,314	-	-	-	1,147,314
	<b>31,529,041</b>	<b>4,168,615</b>	<b>9,319,947</b>	<b>38,556,981</b>	<b>83,574,584</b>
<b>Expenditures</b>					
Funding	426,592	-	-	-	426,592
Marketing	2,760,576	-	-	-	2,760,576
Development	1,878,554	-	73,748	-	1,952,302
Hockey resource centre	630,325	-	-	-	630,325
National events and camps	2,019,115	-	-	-	2,019,115
High performance	6,927,355	-	-	-	6,927,355
International event hosting	-	-	-	23,948,760	23,948,760
Olympics	8,829	-	-	-	8,829
Administration	12,934,358	424,092	455,503	1,105,670	14,919,623
Custodial fees	-	-	61,771	170,249	232,020
Member services	2,758,489	-	-	-	2,758,489
Information services	382,542	-	-	-	382,542
Foundation events	1,422,030	-	-	-	1,422,030
Insurance premiums	-	1,672,826	5,750,100	-	7,422,926
Insurance claims	-	1,598,888	2,341,991	-	3,940,879
	<b>32,148,765</b>	<b>3,695,806</b>	<b>8,683,113</b>	<b>25,224,679</b>	<b>69,752,363</b>
<b>Excess (deficiency) of revenue over expenditures for the year before other item</b>	<b>(619,724)</b>	<b>472,809</b>	<b>636,834</b>	<b>13,332,302</b>	<b>13,822,221</b>
<b>Other item</b>					
Unrealized loss on market value of investments	(174,866)	(234,201)	(260,762)	(844,737)	(1,514,566)
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ (794,590)</b>	<b>\$ 238,608</b>	<b>\$ 376,072</b>	<b>\$ 12,487,565</b>	<b>\$ 12,307,655</b>

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

Canadian Hockey Association o/a Hockey Canada



Schedule 4 - Activity for the Pillars Fund

For the year ended June 30, 2013

	Growth Fund	Facilities Fund	Branch Support Fund	Insurance Rate Stabilization Fund	International Event Hosting Support Fund	Initiatives Pillar	Total
Fund balance, beginning of the year	\$ 10,970,063	\$ 4,168,436	\$ 10,069,289	\$ 5,884,574	\$ 9,367,338	\$ 4,842,800	\$ 45,302,500
Excess (deficiency) of revenues over expenditures for the year	(9,251,786)	366,607	629,181	558,282	(1,790,115)	247,615	(9,240,216)
Inter-fund transfers (Note 9)	4,066,230	(1,303,323)	(3,003)	(11,508)	(4,107,685)	(3,476,494)	(4,835,783)
<u>Fund balance, end of the year</u>	<u>\$ 5,784,507</u>	<u>\$ 3,231,720</u>	<u>\$ 10,695,467</u>	<u>\$ 6,431,348</u>	<u>\$ 3,469,538</u>	<u>\$ 1,613,921</u>	<u>\$ 31,226,501</u>

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

**Hockey Canada**  
**Financial Statements**  
For the year ended June 30, 2014

---

**Contents**

Independent Auditor's Report	2
Financial Statements	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Auditor's Comments on Supplementary Financial Information	19
Schedule 1 - Activity for the Pillars Fund	20

---

## Independent Auditor's Report

---

**To the Members of  
Hockey Canada**

We have audited the accompanying financial statements of Hockey Canada, which comprise the balance sheet as at June 30, 2014, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

24(1)

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hockey Canada as at June 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

24(1)

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

DISCLOSED  
PURSUANT  
TO  
COPY  
A-2022-146788

June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2014 Total	2013 Total
<b>Assets</b>						
<b>Current</b>						
Cash (Note 2)	\$ 5,610,351	\$ -	\$ 628,920	\$ 476	\$ 6,239,747	\$ 5,404,720
Accounts receivable	9,629,398	31,581	954,600	650,241	11,265,820	4,584,774
Receivable from funds (Note 3)	263,215	1,745,431	4,209,110	-	6,217,756	2,656,310
Hockey Resource Centre inventory	744,374	-	-	-	744,374	573,105
Prepaid expenses	2,579,990	-	-	-	2,579,990	1,749,144
	<u>18,827,328</u>	<u>1,777,012</u>	<u>5,792,630</u>	<u>650,717</u>	<u>27,047,687</u>	<u>14,968,053</u>
<b>Long term prepaid expenses</b>						352,145
Long-term investments (Note 4)	17,973,071	4,394,078	17,220,979	28,805,394	68,393,522	65,492,907
Property, plant and equipment (Note 5)	5,060,773	-	-	-	5,060,773	4,919,027
	<u>\$ 41,861,172</u>	<u>\$ 6,171,090</u>	<u>\$ 23,013,609</u>	<u>\$ 29,456,111</u>	<u>\$ 100,501,982</u>	<u>\$ 85,732,132</u>
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Bank indebtedness (Note 2)	\$ -	\$ 16,916	\$ -	\$ -	\$ 16,916	\$ -
Accounts payable and accrued liabilities (Note 2 and 6)	8,613,256	832,377	876,980	75,000	10,397,613	6,375,963
Payable to funds (Note 3)	5,954,541	-	-	263,215	6,217,756	2,656,310
Deferred contributions, operations (Note 7)	2,050,315	-	-	-	2,050,315	2,276,907
Due to related parties (Note 11)	806,486	-	-	-	806,486	94,272
	<u>17,424,598</u>	<u>849,293</u>	<u>876,980</u>	<u>338,215</u>	<u>19,489,086</u>	<u>11,403,452</u>
<b>Other liabilities and reserves</b>						
	<u>17,424,598</u>	<u>849,293</u>	<u>15,751,980</u>	<u>338,215</u>	<u>34,364,086</u>	<u>23,903,452</u>
<b>Fund balances</b>						
Internally restricted	5,060,773	5,321,797	7,261,629	29,117,896	46,762,095	46,296,984
Unrestricted	19,375,601	-	-	-	19,375,601	15,531,696
	<u>24,436,574</u>	<u>5,321,797</u>	<u>7,261,629</u>	<u>29,117,896</u>	<u>66,137,896</u>	<u>61,828,680</u>
	<u>\$ 41,861,172</u>	<u>\$ 6,171,090</u>	<u>\$ 23,013,609</u>	<u>\$ 29,456,111</u>	<u>\$ 100,501,982</u>	<u>\$ 85,732,132</u>

19(1) and 24(1)

Hockey Canada



### Statement of Changes in Fund Balances

For the year ended June 30

	2014				2013	
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule 1)	Total	Total
Fund balances, beginning of the year	\$ 20,450,723	\$ 4,638,527	\$ 5,512,929	\$ 31,226,501	\$ 61,828,680	\$ 68,586,543
Excess (deficiency) of revenue over expenditures	(328,001)	683,270	1,748,700	2,205,247	4,309,216	(6,757,863)
	20,122,722	5,321,797	7,261,629	33,431,748	66,137,896	61,828,680
Interfund transfers (Note 8)	4,313,852	-	-	(4,313,852)	-	-
Fund balances, end of the year	\$ 24,436,574	\$ 5,321,797	\$ 7,261,629	\$ 29,117,896	\$ 66,137,896	\$ 61,828,680

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

000065

5



## Statement of Operations

For the year ended June 30

2014

2013

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total
<b>Revenue</b>						
Funding (Note 9 and 11)	\$ 8,098,179	\$ -	\$ -	\$ 8,098,179	\$ 5,875,229	
Marketing (Note 12)	22,058,382	-	-	-	22,058,382	20,108,278
Development	2,351,881	-	-	-	2,351,881	1,549,432
Hockey resource centre	1,294,438	-	-	-	1,294,438	1,586,643
National events and camps	845,932	-	-	-	845,932	1,106,051
High performance	1,285,676	-	-	-	1,285,676	1,254,607
International event hosting	-	-	-	7,940	7,940	4,370,621
Olympics	1,918,082	273,821	1,044,819	2,126,148	3,444,788	3,132,086
Investment and interest income	-	-	-	-	2,196,480	1,100,385
Administration	2,196,480	-	-	-	-	-
Member services	3,810,848	-	-	-	3,810,848	3,612,695
Foundation events	3,048,084	-	-	-	3,048,084	366,198
Insurance premiums	-	4,021,038	8,507,124	-	12,528,162	12,620,260
Other income	60,497	-	-	-	60,497	-
	46,968,479	4,294,859	9,551,943	2,134,088	62,949,369	56,682,485
<b>Expenditures</b>						
Funding	1,238,120	-	-	-	1,238,120	209,506
Marketing	4,442,653	-	-	-	4,442,653	2,995,177
Development	2,591,613	-	264,608	-	2,856,221	2,843,273
Hockey resource centre (Note 13)	571,542	-	-	-	571,542	588,080
National events and camps	2,516,377	-	-	-	2,516,377	3,113,523
High performance	11,105,611	-	-	-	11,105,611	7,967,312
International event hosting	-	-	-	2,037,500	2,037,500	6,142,580
Olympics	3,948,404	-	-	-	3,948,404	155,236
Administration	15,172,725	932,650	505,162	1,190,561	17,801,098	13,480,115
Custodial fees	-	-	60,979	126,716	187,695	204,197
Member services	3,355,629	-	-	-	3,355,629	5,116,113
Information services	703,473	-	-	-	703,473	840,827
Foundation events	3,048,086	-	-	-	3,048,086	373,694
Donations	-	1,650,194	5,750,700	-	7,400,894	10,000,000
Insurance premiums	-	1,449,538	2,871,102	-	4,320,640	7,439,096
Insurance claims	-	-	-	-	-	4,349,775
	48,694,233	4,032,382	9,452,551	3,354,777	65,533,943	65,818,504
<b>Excess (deficiency) of revenue over expenditures for the year before other item</b>	(1,725,754)	262,477	99,392	(1,220,689)	(2,584,574)	(9,136,019)
<b>Other item</b>						
Unrealized gain on market value of investments	1,397,753	420,793	1,649,308	3,425,936	6,893,790	2,378,156
<b>Excess (deficiency) of revenue over expenditures for the year</b>	\$ (328,001)	\$ 683,270	\$ 1,748,700	\$ 2,205,247	\$ 4,309,216	\$ (6,757,863)

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

000066

## Hockey Canada



### Statement of Cash Flows

For the year ended June 30 2014 2013

#### Cash flows from operating activities

Excess (deficiency) of revenue over expenditures for the year	\$ 4,309,216	\$ (6,757,863)
Items not involving cash		
Amortization of property, plant and equipment	859,997	763,850
Unrealized gain on market value of investments	(6,893,790)	(2,378,156)
Gain on disposal of property, plant and equipment	<u>(60,655)</u>	-
	<u>(1,785,232)</u>	<u>(8,372,169)</u>

#### Changes in non-cash working capital balances

Accounts receivable	(6,681,046)	(1,055,139)
Hockey Resource Centre inventory	(171,269)	13,974
Prepaid expenses	(478,701)	(83,885)
Accounts payable and accrued liabilities	4,021,650	(2,224,085)
Deferred contributions, operations	(226,592)	1,107,487
Other liabilities and reserves	<u>2,375,000</u>	<u>2,150,000</u>
	<u>(1,160,958)</u>	<u>(91,648)</u>
	<u>(2,946,190)</u>	<u>(8,463,817)</u>

#### Cash flows from investing activities

Purchase of property, plant and equipment	(1,095,835)	(667,952)
Proceeds on disposal of property, plant and equipment	154,747	-
Purchase of investments	(4,006,825)	(3,177,468)
Proceeds on sale of investments	8,000,000	-
Advance from related parties	<u>712,214</u>	-
	<u>3,764,301</u>	<u>(3,845,420)</u>

#### Increase (decrease) in cash during the year

Cash, beginning of year	818,111	(12,309,237)
	<u>5,404,720</u>	<u>17,713,957</u>
Cash, end of year	<u>\$ 6,222,831</u>	<u>\$ 5,404,720</u>

#### Represented by

Cash	\$ 6,239,747	\$ 5,404,720
Bank indebtedness	<u>(16,916)</u>	-
	<u>\$ 6,222,831</u>	<u>\$ 5,404,720</u>

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



## Notes to Financial Statements

June 30, 2014

### 1. Summary of Significant Accounting Policies

#### Nature of Operations

The organization is a Canadian Amateur Athletic Association incorporated without share capital under the laws of Canada. The Association 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 Association funded by fees, funding agencies, sponsorships and other general income.

The Health Benefit Trust Fund was established in 1988 to provide supplementary medical and dental coverage during CHA sanctioned hockey activities. The provision for expenses is reviewed regularly by the Association 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 Association as a result of current or future claims. The Association is currently involved in defending legal actions resulting from accidents and injuries involved in CHA play. Provision has been made for estimated settlements and professional fees related to these actions. This provision is reviewed regularly by the Association throughout the year to ensure that financial risk is minimized.

Hockey Canada



## Notes to Financial Statements

June 30, 2014

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 Initiatives Support 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 by this fund.

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

Initiatives Support Fund was approved by the Board of Directors to support three initiatives identified as important to the Association. The fund was created through profits from the 2012 IIHF World Junior Championship and is to be used to support the Association's delivery of programs related to e-learning, technology, and recruitment and retention for a three year period. At the end of the three year period, the Board will examine the need for further funding.

### Inventory

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



## Notes to Financial Statements

June 30, 2014

### Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Building	25 year straight line basis
Computer equipment	3 year straight line basis
Leasehold improvements	straight-line over the term of the lease
Office equipment	5 year straight line basis
Training/medical equipment	5 year straight line basis

Amortization is not taken in the year of acquisition.

### Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

### 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.

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



## Notes to Financial Statements

June 30, 2014

### 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 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.

### Use of Estimates

The preparation of financial statements in accordance with ASNPO 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 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.

---

Hockey Canada



## Notes to Financial Statements

June 30, 2014

---

### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. 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.

---

### 2. Cash

The organization's bank accounts are held at one chartered bank and earn interest at a rate of bank prime less 2.05% with a certain account requiring a minimum average balance of \$3,000,000 be maintained. The prime rate at June 30, 2014 was 3.00%. Bank balances include \$53,820 denominated in U.S. dollars converted to \$59,380 Canadian. The organization has a line of credit of \$1,000,000 at a rate of bank prime and it is secured by a general security agreement. At June 30, 2014, the organization had undrawn credit capacity of \$1,000,000 under this facility as well as a letter of credit in the amount of \$200,000.

Included in cash is \$1,824,076 of funds held in trust for the 2015 World Junior Championship Host organizing committee.

---

### 3. Receivable From Funds / Payable To Funds

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

## Hockey Canada



## Notes to Financial Statements

June 30, 2014

### 4. Long-Term Investments

	2014	2013
Cash and money market funds (Effective rate 1%-2%)	\$ 1,335,393	\$ 6,022,580
Bond funds	27,608,034	23,718,855
Equities	37,272,803	33,213,678
Government bonds	636,629	915,251
Corporate bonds	<u>1,540,663</u>	<u>1,622,543</u>
Market value	<u>\$ 68,393,522</u>	<u>\$ 65,492,907</u>

Corporate and government bonds have effective rates ranging from 3.18% to 6.02% and mature between October 2014 and December 2019. Long-term investments had an average rate of return of 7.10%.

### 5. Property, Plant and Equipment

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 562,508	\$ 45,002	\$ 794,741	\$ 165,147
Computer equipment	2,494,980	1,040,164	1,548,669	658,297
Leasehold improvements	1,983,174	184,659	1,961,365	107,591
Office equipment	1,483,204	542,032	1,432,734	279,532
Training/medical equipment	536,108	187,344	482,858	90,773
	<u>\$ 7,059,974</u>	<u>\$ 1,999,201</u>	<u>\$ 6,220,367</u>	<u>\$ 1,301,340</u>
Net book value	<u>\$ 5,060,773</u>		<u>\$ 4,919,027</u>	

During the year, the organization recognized amortization expense in the amount of \$859,997 (2013 -\$763,850).

---

## Hockey Canada



## Notes to Financial Statements

June 30, 2014

### 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$111,413 denominated in U.S. dollars converted to \$118,879 Canadian. Included as part of the IIHF payable is a receivable of \$1,139,615 denominated in U.S. dollars converted to \$1,215,969 Canadian and \$861,418 denominated in Swiss Francs converted to \$1,037,061 Canadian. The receivable has been included in accounts payable as it is settled on a net basis.

Also included in accounts payable and accrued liabilities are government remittances totaling \$519,008 (2013 - \$412,900).

---

### 7. 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:

	2014	2013
Balance, beginning of year	\$ 2,276,907	\$ 1,169,420
Contributions received	<u>2,050,315</u>	<u>2,276,907</u>
	4,327,222	3,446,327
Recognized to revenue	<u>(2,276,907)</u>	<u>(1,169,420)</u>
	\$ 2,050,315	\$ 2,276,907
Balance, end of year		

---

### 8. Interfund Transfers

During the year, the Board of Directors authorized a transfer of \$4,313,852 from the Pillars Funds to the Operating Fund.

---

Hockey Canada



## Notes to Financial Statements

June 30, 2014

---

### 9. 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 \$4,936,500 received from the Government of Canada and the Province of Alberta (2013 - \$4,422,600).

---

### 10. Commitments

The organization has entered into a contract with the IIHF committing to a hosting fee. The contract expires during the 2020/2021 season.

The organization has entered into a rental agreement for warehouse space committing fees until 2017.

The organization has entered into a contract with Exchange Solutions Inc. committing fees until 2017.

The organization has entered into a rental agreement committing to incur the operating costs relating to the organization's rented premises until 2031.

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

2015	\$ 3,994,344
2016	3,095,344
2017	3,606,344
2018	2,149,344
2019	3,049,344

---

## Hockey Canada



## Notes to Financial Statements

June 30, 2014

---

### 11. Related Party Transactions

Hockey Canada exercises significant influence over the Hockey Canada Foundation and the Canadian Hockey 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 Canadian Hockey Foundation U.S.

	2014	2013
Donations to the Foundations		
Hockey Canada Foundation	\$ 27,459	\$ 10,296,611
Canadian Hockey Foundation U.S.	2,365	1,336
	<hr/>	<hr/>
	\$ 29,824	\$ 10,297,947
	<hr/>	<hr/>
Grants received from the Foundation		
Hockey Canada Foundation	<hr/>	<hr/>
	\$ 1,707,747	\$ 331,532
	<hr/>	<hr/>

These transactions are in the normal course of operations and are measured at the exchange value, which approximates the arms length equivalent value.

	2014	2013
Amounts due to (from) related parties are as follows:		
Hockey Canada Foundation	\$ 805,445	\$ 94,674
Canadian Hockey Foundation U.S.	1,041	(402)
	<hr/>	<hr/>
	\$ 806,486	\$ 94,272
	<hr/>	<hr/>

---

### 12. Marketing

Sponsorship revenue includes value in kind of \$1,837,692 (2013 - \$1,440,779).

---

Hockey Canada



## Notes to Financial Statements

June 30, 2014

---

### 13. Hockey Resource Centre

Total Hockey Resource Centre inventory sold during the year was \$571,542 (2013 - \$588,080).

---

### 14. Comparative Amounts

Comparative amounts have been reclassified to conform to current year's presentation.

DISCLOSED  
PURSUANT  
TO THE ATIA  
COPY  
A-2022-146788



## Notes to Financial Statements

June 30, 2014

### 15. 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 long term investments. The organization has deposited the cash and long-term 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 amounts due to related parties. Due to the organization's current working capital, management believes the risk of loss to be remote.

#### Foreign 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 and accounts payable and accrued liabilities.

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include two types of risk: interest rate risk and equity risk.

#### 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.

#### Equity Risk

Equity 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.

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

24(1)

---

### **Auditor's Comments on Supplementary Financial Information**

---

**To the Members of  
Hockey Canada**

The audited financial statements of the organization are comprised of the balance sheet as at June 30, 2014, and the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. We have issued our report thereon dated November 13, 2014, which contained an unqualified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The Schedule of Activity for the Pillars Fund is present for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

24(1)

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

000079

24(1)

Hockey Canada



**Schedule 1 - Activity for the Pillars Fund**

For the year ended June 30, 2014

	Growth Fund	Facilities Fund	Branch Support Fund	Insurance Rate Stabilization Fund	International Event Hosting Support Fund	Initiatives Pillar	Total
Fund balance, beginning of the year	\$ 5,784,507	\$ 3,231,720	\$ 10,695,467	\$ 6,431,348	\$ 3,469,538	\$ 1,613,921	\$ 31,226,501
Excess (deficiency) of revenues over expenditures for the year	1,033,145	578,065	1,244,709	1,148,674	(2,086,665)	287,319	2,205,247
Inter-fund transfers (Note 8)	71	(1,787,452)	(100,736)	80	(524,575)	(1,901,240)	(4,313,852)
<b>Fund balance, end of the year</b>	<b>\$ 6,817,723</b>	<b>\$ 2,022,333</b>	<b>\$ 11,839,440</b>	<b>\$ 7,580,102</b>	<b>\$ 858,298</b>	<b>-</b>	<b>\$ 29,117,896</b>

DISCLOSED  
PURSUANT TO  
THE ATIA  
000080  
A-2092-146788  
COPY

**Hockey Canada**  
**Financial Statements**  
For the year ended June 30, 2015

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 18
<b>Auditor's Comments on Supplementary Financial Information</b>	<b>19</b>
Schedule 1 - Activity for the Pillars Fund	20
Schedule 2 - Schedule of Sport Canada Funded Revenue and Expenses	21

000081

24(1)

---

## Independent Auditor's Report

---

To the Members of  
Hockey Canada

We have audited the accompanying financial statements of Hockey Canada, which comprise the balance sheet as at June 30, 2015, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

24(1)

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hockey Canada as at June 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

24(1)

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

DISCLOSED  
PURSUANT  
TO THE  
CORPORATION  
A-2022-146188



June 30

				2015		2014	
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total	
<b>Assets</b>							
<b>Current</b>							
Cash (Note 2)	\$ 4,660,681	\$ -	\$ 1,702,511	\$ 14,616,588	\$ 20,979,780	\$ 6,239,747	
Short-term investments (Note 3)				676,833	676,833	-	
Accounts receivable	3,096,070	666,915	1,957,949	2,466,982	8,187,916	11,265,820	
Receivable from funds (Note 4)	907,907	1,657,020	2,447,453	-	5,012,380	6,217,756	
Hockey Resource Centre inventory (Note 5)	602,691	-	-	-	602,691	744,374	
Prepaid expenses	641,895	-	-	-	641,895	2,579,990	
	<u>9,909,244</u>	<u>2,323,935</u>	<u>6,107,913</u>	<u>17,760,403</u>	<u>36,101,495</u>	<u>27,047,687</u>	
Long-term investments (Note 6)	10,311,251	3,536,174	15,804,038	41,164,214	70,815,677	68,393,522	
Property, plant and equipment (Note 7)	4,526,766	-	-	-	4,526,766	5,060,773	
	<u>\$ 24,747,261</u>	<u>\$ 5,860,109</u>	<u>\$ 21,911,951</u>	<u>\$ 58,924,617</u>	<u>\$ 111,443,938</u>	<u>\$ 100,501,982</u>	
<b>Liabilities and Fund Balances</b>							
<b>Current</b>							
Bank indebtedness (Note 2)	\$ -	\$ 37,976	\$ -	\$ -	\$ 37,976	\$ 16,916	
Accounts payable and accrued liabilities (Note 8)	7,728,887	960,882	1,322,571	2,541,318	12,553,658	10,397,613	
Payable to funds (Note 4)	-	-	-	5,012,380	5,012,380	6,217,756	
Deferred contributions, operations (Note 9)	1,759,211	-	-	-	1,759,211	2,050,315	
Due to related parties (Note 14)	1,116,515	-	-	-	1,116,515	806,486	
	<u>10,604,613</u>	<u>998,858</u>	<u>1,322,571</u>	<u>7,553,698</u>	<u>20,479,740</u>	<u>19,489,086</u>	
Other liabilities and reserves			16,737,180	-	15,414,609	14,875,000	
	<u>10,604,613</u>	<u>998,858</u>	<u>16,737,180</u>	<u>7,553,698</u>	<u>35,894,349</u>	<u>34,364,086</u>	
<b>Fund balances</b>							
Internally restricted	4,526,766	4,861,251	5,174,771	51,370,919	65,933,707	46,762,095	
Unrestricted	9,615,882	-	-	-	9,615,882	19,375,801	
	<u>14,142,648</u>	<u>4,861,251</u>	<u>5,174,771</u>	<u>51,370,919</u>	<u>75,549,589</u>	<u>66,137,896</u>	
	<u>\$ 24,747,261</u>	<u>\$ 5,860,109</u>	<u>\$ 21,911,951</u>	<u>\$ 58,924,617</u>	<u>\$ 111,443,938</u>	<u>\$ 100,501,982</u>	

On behalf of the Board:

On behalf of Management:

24(1)

000084

Hockey Canada



Statement of Changes in Fund Balances

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule 1)	2015 Total	2014 Total
Fund balances, beginning of the year	\$ 24,436,574	\$ 5,321,797	\$ 7,261,629	\$ 29,117,896	\$ 66,137,896	\$ 61,828,680
Excess (deficiency) of revenue over expenditures	(893,926)	539,454	(86,858)	9,853,023	9,411,693	4,309,216
	23,542,648	5,861,251	7,174,771	38,970,919	75,549,589	66,137,896
Interfund transfers (Note 10)	(9,400,000)	(1,000,000)	(2,000,000)	12,400,000		
Fund balances, end of the year	\$ 14,142,648	\$ 4,861,251	\$ 5,174,771	\$ 51,370,919	\$ 75,549,589	\$ 66,137,896

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



### Statement of Operations

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2015	2014
<b>Revenue</b>						
Funding (Note 11)	\$ 5,510,710	\$ -	\$ -	\$ -	\$ 5,510,710	\$ 8,098,179
Marketing (Note 12)	22,026,358	-	-	-	22,026,358	22,066,322
Development	4,281,404	-	-	-	4,281,404	3,646,318
National events and camps (Note 12)	6,007,129	-	-	-	6,007,129	3,894,017
High performance	3,923,678	-	-	-	3,923,678	1,285,676
International event hosting (Note 11)	-	-	-	35,465,576	35,465,576	-
Olympics	-	-	-	-	-	1,918,082
Investment and interest income	251,063	1,028,460	2,128,792	3,408,315	3,444,788	-
Administration	1,659,255	-	-	-	1,659,255	2,196,480
Member services	3,423,464	-	-	-	3,423,464	3,810,848
Insurance premiums	-	4,013,366	8,422,778	-	12,436,144	12,528,162
Other income	-	-	-	-	-	60,497
	<b>46,831,998</b>	<b>4,264,429</b>	<b>9,451,238</b>	<b>37,594,368</b>	<b>98,142,033</b>	<b>62,949,369</b>
<b>Expenditures</b>						
Funding	177,782	-	-	-	177,782	1,238,120
Marketing	2,694,772	-	-	-	2,694,772	4,442,653
Development	3,915,444	-	248,073	-	4,163,517	3,427,763
National events and camps	9,344,863	-	-	-	9,344,863	5,564,463
High performance	12,416,449	-	-	-	12,416,449	11,105,612
International event hosting	-	-	-	25,571,445	25,571,445	2,037,500
Olympics	-	-	-	-	-	3,948,404
Administration	15,587,107	486,913	622,720	1,242,495	17,939,235	18,504,570
Custodial fees	-	-	64,483	141,970	206,453	187,695
Member services	3,326,095	-	-	-	3,326,095	3,355,629
Insurance premiums	-	1,612,025	6,150,380	-	7,762,405	7,400,894
Insurance claims	-	1,540,766	2,094,183	-	3,634,949	4,320,640
	<b>47,462,512</b>	<b>3,639,704</b>	<b>9,179,839</b>	<b>26,955,910</b>	<b>87,237,965</b>	<b>65,533,943</b>
Excess (deficiency) of revenue over expenditures for the year before other item	(630,514)	624,725	271,399	10,638,458	10,904,068	(2,584,574)
Other item						
Unrealized gain (loss) on market value of investments	(263,412)	(85,271)	(358,257)	(785,435)	(1,492,375)	6,893,790
Excess (deficiency) of revenue over expenditures for the year	<b>\$ (893,926)</b>	<b>\$ 539,454</b>	<b>\$ (86,858)</b>	<b>\$ 9,853,023</b>	<b>\$ 9,411,693</b>	<b>\$ 4,309,216</b>

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

## Hockey Canada



### Statement of Cash Flows

For the year ended June 30

	2015	2014
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures for the year	\$ 9,411,693	\$ 4,309,216
Items not involving cash		
Amortization of property, plant and equipment	1,002,671	859,997
Unrealized loss (gain) on market value of investments	1,492,375	(6,893,790)
Loss (gain) on disposal of property, plant and equipment	221,667	(60,655)
	<u>12,128,406</u>	<u>(1,785,232)</u>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	3,077,904	(6,681,046)
Hockey Resource Centre inventory	141,683	(171,269)
Prepaid expenses	1,938,095	(478,701)
Accounts payable and accrued liabilities	2,156,045	4,021,650
Deferred contributions, operations	(291,104)	(226,592)
Other liabilities and reserves	539,609	2,375,000
	<u>7,562,232</u>	<u>(1,160,958)</u>
	<u>19,690,638</u>	<u>(2,946,190)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(690,331)	(1,095,835)
Proceeds on disposal of property, plant and equipment	-	154,747
Purchase of investments	(4,591,363)	(4,006,825)
Proceeds on sale of investments	-	8,000,000
Advance from related parties	310,029	712,214
	<u>(4,971,665)</u>	<u>3,764,301</u>
<b>Increase in cash during the year</b>	<u>14,718,973</u>	<u>818,111</u>
<b>Cash, beginning of the year</b>	<u>6,222,831</u>	<u>5,404,720</u>
<b>Cash, end of the year</b>	<u>\$ 20,941,804</u>	<u>\$ 6,222,831</u>
<b>Represented by</b>		
Cash	\$ 20,979,780	\$ 6,239,747
Bank indebtedness	<u>(37,976)</u>	<u>(16,916)</u>
	<u>\$ 20,941,804</u>	<u>\$ 6,222,831</u>

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

---

Hockey Canada



## Notes to the Financial Statements

June 30, 2015

### 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 income.

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. Provision has been made for estimated settlements and professional fees related to these actions. This provision is reviewed regularly by the organization throughout the year to ensure that financial risk is minimized.

---

Hockey Canada



## Notes to the Financial Statements

June 30, 2015

---

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 the organization will utilize.

### Inventory

Inventory is 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, 2015

**Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Building	- 25 year straight line basis
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	- 2 year straight line basis
Training/medical equipment	- 5 year straight line basis

Amortization is not taken in the year of acquisition except for software.

**Impairment of Long Lived Assets**

In the event that facts and circumstances indicate that the organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

**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.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated 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.



Notes to the Financial Statements

June 30, 2015

**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.

**Use of Estimates**

The preparation of financial statements in accordance with ASNPO 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 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.

**Leases**

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed on a straight line basis.

---

## Hockey Canada



### Notes to the Financial Statements

June 30, 2015

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. 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.

---

#### 2. Cash (Bank Indebtedness)

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, 2015 was 2.85%. Bank balances include \$2,328,554 denominated in U.S. dollars converted to \$2,865,470 Canadian. The organization has a line of credit of \$1,000,000 at a rate of bank prime and it is secured by a general security agreement. At June 30, 2015, the organization had undrawn credit capacity of \$1,000,000 under this facility as well as a letter of credit in the amount of \$200,000. The organization has <sup>24(1)</sup> up to a maximum of \$1,250,000. At June 30, 2015, the organization had undrawn credit capacity of approximately \$1,036,000 on this facility.

Included in cash is \$13,929,954 of funds related to the World Junior Championship.

---

#### 3. Short-term Investments

Guaranteed investment certificates, bearing interest at 1.60% per annum, maturing February 2016

	2015	2014
	\$ 676,833	\$ -

---

## Hockey Canada



### Notes to the Financial Statements

June 30, 2015

---

#### 4. Receivable From Funds / Payable To Funds

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

---

#### 5. Hockey Resource Centre Inventory

Total Hockey Resource Centre inventory sold during the year was \$506,179 (2014 - \$571,542).

---

#### 6. Long-Term Investments

	2015	2014
Cash and money market funds (Effective rate 1%-2%)	\$ 1,186,628	\$ 1,335,393
Bond funds	30,677,478	27,608,034
Equities	37,363,042	37,272,803
Government bonds	430,386	636,629
Corporate bonds	<u>1,158,143</u>	<u>1,540,663</u>
Market value	<u><b>\$ 70,815,677</b></u>	<u><b>\$ 68,393,522</b></u>

Corporate and government bonds have effective rates ranging from 4.00% to 6.02% and mature between September 2015 and December 2019. Other long-term investments had an average rate of return of 1.50%.

---

## Hockey Canada



### Notes to the Financial Statements

June 30, 2015

---

#### 7. Property, Plant and Equipment

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 562,508	\$ 67,501	\$ 562,508	\$ 45,002
Computer equipment	1,900,582	588,328	2,494,980	1,040,164
Leasehold improvements	1,973,955	227,944	1,983,174	184,659
Office equipment	1,468,815	811,488	1,483,204	542,032
Software	94,091	47,045		
Training/medical equipment	563,687	294,566	536,108	187,314
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 6,563,638	\$ 2,036,872	\$ 7,059,974	\$ 1,999,201
Net book value		<hr/>		<hr/>
		\$ 4,526,766		\$ 5,060,773

During the year, the organization recognized amortization expense in the amount of \$1,002,671 (2014 - \$859,997).

---

#### 8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$1,423,557 payable to the IIHF denominated in Swiss Francs converted to \$1,899,452 Canadian. Also included in accounts payable and accrued liabilities are government remittances totaling \$48,563 (2014 - \$519,008).

---

## Hockey Canada



### Notes to the Financial Statements

June 30, 2015

---

#### 9. 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:

	2015	2014
Balance, beginning of the year	\$ 2,050,315	\$ 2,276,907
Contributions received	<u>1,759,211</u>	<u>2,050,315</u>
	<u>3,809,526</u>	<u>4,327,222</u>
Recognized to revenue	<u>(2,050,315)</u>	<u>(2,276,907)</u>
	<u>\$ 1,759,211</u>	<u>\$ 2,050,315</u>
Balance, end of the year		

---

#### 10. Interfund Transfers

During the year, the Board of Directors authorized a transfer of \$9,400,000 from the Operating Fund, \$1,000,000 from the Health Benefit Trust Fund and \$2,000,000 from the National Equity Fund to the Pillars Funds.

---

## Hockey Canada



### Notes to the Financial Statements

June 30, 2015

---

#### 11. 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 \$9,339,600 received from the Government of Canada, the Government of Ontario, the Government of Quebec, the City of Montreal and the Province of Alberta (2014 - \$8,348,179).

---

#### 12. Marketing

Sponsorship revenue includes value in kind of \$1,755,685 (2014 - \$1,837,692).

---

#### 13. Commitments

The organization has entered into a contract with the IIHF committing to a hosting fee. The contract expires during the 2020/2021 season.

The organization has entered into two rental agreements for warehouse space committing fees until 2017.

The organization has entered into a contract with Exchange Solutions Inc. committing fees until 2017.

The organization has entered into a rental agreement committing to incur the operating costs relating to the organization's rented premises until 2031.

The expected outflow of funds relating to the above commitments for the following years are as follows.

2016	\$ 3,192,920
2017	3,716,117
2018	2,149,344
2019	3,049,344
2020	2,149,344
Thereafter	<u>3,448,032</u>
	<u><u>\$ 17,705,101</u></u>

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2015

### 14. 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.

	2015	2014
Donations to the Foundations		
Hockey Canada Foundation	\$ 1,533,085	\$ 27,459
Hockey Canada Foundation U.S.	3,741	2,365
	<hr/>	<hr/>
	\$ 1,536,826	\$ 29,824
	<hr/>	<hr/>
Grants received from the Foundation	2015	2014
Hockey Canada Foundation	<hr/>	<hr/>
	\$ 406,904	\$ 1,707,747
	<hr/>	<hr/>

Donations to the Foundations are displayed on a cash basis in this schedule. During 2014, one of the major fundraising events for donations was rescheduled to the 2015 fiscal year because of significant flooding in the Calgary area, leading to a disproportionate amount being shown between the two fiscal years.

These transactions are in the normal course of operations and are measured at the exchange value, which approximates the arms length equivalent value.

	2015	2014
Amounts due to (from) related parties are as follows:		
Hockey Canada Foundation	\$ 1,119,656	\$ 805,445
Hockey Canada Foundation U.S.	(3,141)	1,041
	<hr/>	<hr/>
	\$ 1,116,515	\$ 806,486
	<hr/>	<hr/>

### 15. Comparative Amounts

Comparative amounts have been reclassified to conform to current year's presentation.



Notes to the Financial Statements

June 30, 2015

---

**16. 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, short and long term investments. The organization has deposited the cash, short-term and long-term 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 amounts due to related parties. Due to the organization's current working capital, management believes the risk of loss to be remote.

**Foreign 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.

**Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include two types of risk: interest rate risk and equity risk.

**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.

**Equity Risk**

Equity 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.

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

24(1)

---

### Auditor's Comments on Supplementary Financial Information

---

To the Members of  
Hockey Canada

The audited financial statements of the organization are comprised of the balance sheet as at June 30, 2015, and the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. We have issued our report thereon dated October 22, 2015, which contained an unqualified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The Schedule of Activity for the Pillars Fund and Schedule of Sport Canada Funded Revenue and Expenses is present for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

24(1)

\* Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

24(1)

000099

Hockey Canada



Schedule 1 - Activity for the Pillars Fund

For the year ended June 30, 2015

	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	\$ 6,817,723	\$ 2,022,333	\$ 11,839,440	\$ 7,580,102	\$ 858,298	\$ -	\$ 29,117,896
Excess (deficiency) of revenues over expenditures for the year	285,270	71,672	(256,545)	268,639	9,363,468	120,519	9,853,023
Inter-fund transfers (Note 10)	3,200,000		1,200,000	-	-	8,000,000	12,400,000
<b>Fund balance, end of the year</b>	<b>\$ 10,302,993</b>	<b>\$ 2,094,005</b>	<b>\$ 12,782,895</b>	<b>\$ 7,848,741</b>	<b>\$ 10,221,766</b>	<b>\$ 8,120,519</b>	<b>\$ 51,370,919</b>

Hockey Canada



## Schedule of Sport Canada Funded Revenue and Expenses

For the year ended June 30

2015

### Mainstream Athletes

Revenue	\$ 2,339,100
<b>Expenses</b>	
Core	
Administration costs	564,157
Staff salaries	8,485,580
Coaching salaries and professional development	1,186,894
National team programs	8,997,861
Operations and programming	13,947,830
	<hr/>
	33,182,322
Non-core	
International Sport Initiatives	476,270
Long term athlete development	142,061
Official languages	
	<hr/>
	33,800,653
Deficiency of revenue over expenses for mainstream athletes	\$ (31,461,553)

### Athletes with a Disability

Revenue	\$ 625,500
<b>Expenses</b>	
Core	
Administration costs	29,693
Staff salaries	160,000
Coaching salaries and professional development	116,237
National team programs	764,417
Operations and programming	54,218
	<hr/>
	1,124,565
Non-core	
International Sport Initiatives	96,771
Long term athlete development	7,103
Official languages	
	<hr/>
	1,228,439
Deficiency of revenue over expenses for athletes with a disability	\$ (602,939)

**Hockey Canada**  
**Financial Statements**  
For the year ended June 30, 2016

---

**Contents**

<b>Independent Auditor's Report</b>	2 - 3
<b>Financial Statements</b>	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
<b>Notes to the Financial Statements</b>	8 - 18
<b>Schedule 1 - Activity for the Pillars Fund</b>	19
<b>Unaudited Supplementary Financial Information</b>	
Schedule of Sport Canada Funded Revenue and Expenses	20

000102

---

## Independent Auditor's Report

---

**To the Members of  
Hockey Canada**

We have audited the accompanying financial statements of Hockey Canada, which comprise the balance sheet as at June 30, 2016 and June 30, 2015 the statements of operations, changes in fund balances and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies described in Note 1, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

000103

24(1)

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hockey Canada as at June 30, 2016 and June 30, 2015 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis of Accounting

Without modifying our opinion we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements were prepared to assist Hockey Canada in showing the results of their operations for the years ended June 30, 2016 and June 30, 2015 without the World Junior Championship 2017 activities. As a result, the financial statements may not be suitable for another purpose.

### Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on page 20 of the Organization's Financial Statements.

24(1)

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

Hockey Canada  
  
 CANADA  
**Balance Sheet**

June 30	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2016	2015
					Total	Total
<b>Assets</b>						
<b>Current</b>						
Cash (Note 2)	\$ 2,526,555	\$ 425,151	\$ 2,914,512	\$ 1,996,584	\$ 7,862,802	\$ 20,979,780
Short-term investments						676,833
Accounts receivable (Note 3)	7,110,014	96,468	273,893	2,023,780	9,504,155	8,187,916
Receivable from funds (Note 4)	2,065,789	1,644,070	2,703,467	-	6,413,336	5,012,380
Hockey Resource Centre inventory (Note 5)	512,299	-	-	-	512,299	602,691
Prepaid expenses	1,061,895	-	-	-	1,061,895	641,895
	<u>13,276,562</u>	<u>2,165,689</u>	<u>5,891,872</u>	<u>4,020,364</u>	<u>25,354,487</u>	<u>36,101,495</u>
Long-term investments (Note 6)	3,268,251	3,642,180	16,277,804	54,939,764	78,127,999	70,815,677
Tangible capital assets (Note 7)	4,101,203	-	-	-	4,101,203	4,526,766
	<u>\$ 20,646,016</u>	<u>\$ 5,807,869</u>	<u>\$ 22,169,676</u>	<u>\$ 58,960,128</u>	<u>\$ 107,583,689</u>	<u>\$ 111,443,938</u>
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Bank indebtedness (Note 2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,976
Accounts payable and accrued liabilities (Note 8)	5,348,762	678,981	104,137	1,205,332	7,337,212	12,553,658
Payable to funds (Note 4)	-	-	-	-	6,413,336	5,012,380
Deferred contributions, operations (Note 9)	2,508,958	-	-	-	2,508,958	1,759,211
Due to related parties (Note 14)	1,472,667	-	-	-	1,472,667	1,116,515
	<u>9,330,387</u>	<u>678,981</u>	<u>104,137</u>	<u>7,618,668</u>	<u>17,732,173</u>	<u>20,479,740</u>
Other liabilities and reserves (Note 16)			6,516,137	6,412,000	6,412,000	6,414,609
	<u>9,330,387</u>	<u>678,981</u>	<u>6,516,137</u>	<u>7,618,668</u>	<u>24,144,173</u>	<u>26,894,349</u>
<b>Fund balances</b>						
Internally restricted	4,101,203	5,128,888	15,653,539	51,341,460	76,225,090	74,933,707
Unrestricted	7,214,426	-	-	-	7,214,426	9,615,882
	<u>11,315,629</u>	<u>5,128,888</u>	<u>15,653,539</u>	<u>51,341,460</u>	<u>83,439,516</u>	<u>84,549,589</u>
	<u>\$ 20,646,016</u>	<u>\$ 5,807,869</u>	<u>\$ 22,169,676</u>	<u>\$ 58,960,128</u>	<u>\$ 107,583,689</u>	<u>\$ 111,443,938</u>

19(1) and 24(1)

Hockey Canada



### Statement of Changes in Fund Balances

For the year ended June 30					2016	2015
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule 1)	Total	Total
Fund balances, beginning of the year (Note 16)	\$ 14,142,648	\$ 4,861,251	\$ 14,174,771	\$ 51,370,919	\$ 84,549,589	\$ 73,637,896
Excess (deficiency) of revenue over expenditures for the year	(1,407,902)	267,637	1,478,768	(1,448,576)	(1,110,073)	10,911,693
Interfund transfers (Note 10)	12,734,746	5,128,888	15,653,539	49,922,343	83,439,516	84,549,589
Fund balances, end of the year	\$ 11,315,629	\$ 5,128,888	\$ 15,653,539	\$ 51,341,460	\$ 83,439,516	\$ 84,549,589

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



## Statement of Operations

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2016	2015
<b>Revenue</b>						
Funding (Note 11)	\$ 5,951,370	\$ -	\$ -	\$ -	\$ 5,951,370	\$ 5,510,710
Marketing (Note 12)	20,958,361	-	-	-	20,958,361	22,026,167
Development	4,034,100	-	-	-	4,034,100	4,281,613
National events and camps (Note 11)	2,777,057	-	-	-	2,777,057	6,007,129
High performance	2,413,897	-	-	-	2,413,897	3,923,678
International event hosting (Note 11)	-	-	-	4,347,148	4,347,148	35,465,576
Investment and interest income	212,259	916,872	2,558,609	-	3,687,740	3,408,315
Administration	2,188,396	-	-	-	2,188,396	1,657,727
Member services	3,448,340	-	-	-	3,448,340	3,424,974
Insurance premiums	-	3,886,172	8,313,352	-	12,199,524	12,436,144
	<b>41,771,521</b>	<b>4,098,431</b>	<b>9,230,224</b>	<b>6,905,757</b>	<b>62,005,933</b>	<b>98,142,033</b>
<b>Expenditures</b>						
Funding	204,826	-	-	-	204,826	177,782
Marketing	2,350,783	-	-	-	2,350,783	2,694,772
Development	4,360,302	-	336,802	-	4,697,104	4,163,517
National events and camps	4,963,786	-	-	-	4,963,786	9,344,863
High performance	11,978,101	-	-	-	11,978,101	12,416,449
International event hosting	-	-	-	6,031,535	6,031,535	25,571,445
Administration	15,791,586	525,315	616,951	1,268,861	18,202,713	17,939,235
Custodial fees	-	-	58,603	165,407	224,010	206,453
Member services	3,276,389	-	-	-	3,276,389	3,326,095
Insurance premiums	-	1,748,063	6,170,620	-	7,918,683	7,762,405
Insurance claims (Note 16)	-	1,472,739	190,045	-	1,662,784	2,134,949
	<b>42,925,773</b>	<b>3,746,117</b>	<b>7,373,021</b>	<b>7,465,803</b>	<b>61,510,714</b>	<b>85,737,965</b>
<b>Excess (deficiency) of revenue over expenditures for the year before other item</b>	<b>(1,154,252)</b>	<b>352,314</b>	<b>1,857,203</b>	<b>(560,046)</b>	<b>495,219</b>	<b>12,404,068</b>
<b>Other item</b>						
Unrealized gain (loss) on market value of investments	(253,650)	(84,677)	(378,435)	(888,530)	(1,605,292)	(1,492,375)
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ (1,407,902)</b>	<b>\$ 267,637</b>	<b>\$ 1,478,768</b>	<b>\$ (1,448,576)</b>	<b>\$ (1,110,073)</b>	<b>\$ 10,911,693</b>

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

## Hockey Canada



### Statement of Cash Flows

For the year ended June 30

2016

2015

#### Cash flows from operating activities

Excess (deficiency) of revenue over expenditures for the year	\$ (1,110,073)	\$ 10,911,693
Items not involving cash		
Amortization of tangible capital assets	1,151,806	1,002,671
Unrealized loss on market value of investments	1,605,292	1,492,375
Loss (gain) on disposal of tangible capital assets	(1,796)	221,667
	<u>1,645,229</u>	<u>13,628,406</u>

#### Changes in non-cash working capital balances

Accounts receivable	(1,316,239)	3,077,904
Hockey Resource Centre inventory	90,392	141,683
Prepaid expenses	(420,000)	1,938,095
Accounts payable and accrued liabilities	(5,216,446)	2,156,045
Deferred contributions, operations	749,747	(291,104)
Other liabilities and reserves	(2,609)	(960,391)
	<u>(6,115,155)</u>	<u>6,062,232</u>
	<u>(4,469,926)</u>	<u>19,690,638</u>

#### Cash flows from investing activities

Purchase of tangible capital assets	(724,447)	(690,331)
Purchase of investments	(8,240,781)	(4,591,363)
Advance from related parties	356,152	310,029
	<u>(8,609,076)</u>	<u>(4,971,665)</u>

#### Increase in cash during the year

Cash, beginning of the year	<u>20,941,804</u>	<u>6,222,831</u>
Cash, end of the year	<u>\$ 7,862,802</u>	<u>\$ 20,941,804</u>

#### Represented by

Cash	\$ 7,862,802	\$ 20,979,780
Bank indebtedness		
	<u>-</u>	<u>(37,976)</u>
	<u>\$ 7,862,802</u>	<u>\$ 20,941,804</u>

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



Notes to the Financial Statements

June 30, 2016

**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) except for the possible effects from the activities to date of the World Junior Championship 2017. The results from the World Junior Championship 2017 will be shown in the financial statements once the event has been completed in January 2017. A special audited statement on the results will also be prepared once the event is complete.

**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 estimated settlements and professional fees related to these actions. This provision is reviewed regularly by the organization throughout the year to ensure that financial risk is minimized.



**Notes to the Financial Statements**

June 30, 2016

**1. Summary of Significant Accounting Policies (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.

**Inventory**

Inventory is 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, 2016

**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:

Building	- 25 year straight line basis
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	- 2 year straight line basis
Training/medical equipment	- 5 year straight line basis

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 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.

**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.



## Notes to the Financial Statements

June 30, 2016

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

#### 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.

#### Use of Estimates

The preparation of financial statements in accordance with ASNPO 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 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.

#### Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed on a straight line basis.



## Notes to the Financial Statements

June 30, 2016

---

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

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. 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.

---

### 2. Cash (Bank Indebtedness)

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, 2016 was 2.70%. Bank balances include \$1,136,622 denominated in U.S. dollars converted to \$1,467,001 Canadian. 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, 2016, the organization had undrawn credit capacity of \$1,000,000. The organization has a <sup>124(1)</sup> up to a maximum of \$1,250,000. At June 30, 2016, the organization had undrawn credit capacity of approximately \$1,026,000 on this facility.

Included in cash is \$1,496,670 of funds related to the 2017 World Junior Championship.

---

### 3. Accounts Receivable

Accounts receivable includes \$1,574,019 due from the <sup>24(1)</sup> denominated in U.S. dollars converted to \$2,033,160 Canadian.

---

### 4. Receivable From Funds / Payable To Funds

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

---

### 5. Hockey Resource Centre Inventory

Total Hockey Resource Centre inventory sold during the year was \$451,730 (2015 - \$506,179).

---



Notes to the Financial Statements

June 30, 2016

**6. Long-Term Investments**

	2016	2015
Cash and money market funds (Effective rate 1%-2%)	\$ 993,521	\$ 1,186,628
Bond funds	<u>36,636,812</u>	30,677,478
Equities	<u>39,521,041</u>	37,363,042
Government bonds	<u>220,694</u>	430,386
Corporate bonds	<u>755,931</u>	1,158,143
Market value	<u><u>\$ 78,127,999</u></u>	<u><u>\$ 70,815,677</u></u>

Corporate and government bonds have effective rates ranging from 4.00% to 6.02% and mature between June 2017 and December 2019. Other long-term investments had an average rate of return of 5.20%.

**7. Tangible Capital Assets**

	2016	2015		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 562,508	\$ 92,251	\$ 562,508	\$ 67,501
Computer equipment	2,672,075	1,211,693	1,900,582	588,328
Leasehold improvements	1,973,955	314,447	1,973,955	227,944
Office equipment	1,477,549	1,122,876	1,468,815	811,488
Software	94,091	94,091	94,091	47,045
Training/medical equipment	<u>563,687</u>	<u>407,304</u>	<u>563,687</u>	<u>294,566</u>
	<u><u>\$ 7,343,865</u></u>	<u><u>\$ 3,242,662</u></u>	<u><u>\$ 6,563,638</u></u>	<u><u>\$ 2,036,872</u></u>
Net book value		<u><u>\$ 4,101,203</u></u>		<u><u>\$ 4,526,766</u></u>

During the year, the organization recognized amortization expense in the amount of \$1,151,806 (2015 -\$1,002,671).



## Notes to the Financial Statements

June 30, 2016

### 8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$1,559,538 payable to the IIHF denominated in Swiss Francs converted to \$2,071,846 Canadian.

### 9. 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:

	2016	2015
Balance, beginning of the year	\$ 1,759,211	\$ 2,050,315
Contributions received	<u>2,508,958</u>	<u>1,759,211</u>
Recognized to revenue	4,268,169	3,809,526
	<u>(1,759,211)</u>	<u>(2,050,315)</u>
Balance, end of the year	<u>\$ 2,508,958</u>	<u>\$ 1,759,211</u>

### 10. Interfund Transfers

During the year, the Board of Directors authorized a transfer of \$1,419,117 from the Operating Fund to the Pillars Funds.



Notes to the Financial Statements

June 30, 2016

**11. 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 \$5,189,000 received from the Government of Canada, the Province of Ontario, Tourism Niagara, Niagara Sport Commission, Tourism Kamloops, the Province of BC and the Province of Alberta (2015 - \$9,339,600).

---

**12. Marketing**

Sponsorship revenue includes value in kind of \$1,298,727 (2015 - \$1,755,685).

---

**13. Commitments**

The organization has entered into a contract with the IIHF committing to a hosting fee. The contract expires during the 2020/2021 season.

The organization has entered into two rental agreements for warehouse space committing fees until 2017.

The organization has entered into a contract with Exchange Solutions Inc. committing fees until 2017.

The organization has entered into a rental agreement committing to incur the operating costs relating to the organization's rented premises until 2031.

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

2017	\$ 4,520,946
2018	2,623,344
2019	3,421,344
2020	2,419,344
2021	3,319,344
Thereafter	<u>598,032</u>
	<u>\$ 16,902,354</u>

## Hockey Canada



## Notes to the Financial Statements

June 30, 2016

### 14. 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.

	2016	2015
Donations to the Foundations		
Hockey Canada Foundation	\$ 891,071	\$ 1,533,085
Hockey Canada Foundation U.S.	3,741	
	<hr/>	<hr/>
	\$ 891,071	\$ 1,536,826

	2016	2015
Grants received from the Foundation		
Hockey Canada Foundation	\$ 450,491	\$ 406,904

These transactions are in the normal course of operations and are measured at the exchange value, which approximates the arms length equivalent value.

	2016	2015
Amounts due to (from) related parties are as follows:		
Hockey Canada Foundation	\$ 1,474,863	\$ 1,119,656
Hockey Canada Foundation U.S.	(2,196)	(3,141)
	<hr/>	<hr/>
	\$ 1,472,667	\$ 1,116,515

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, 2016

**15. 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, short and long term investments. The organization has deposited the cash, short-term and long-term 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 amounts due to related parties. 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 Hockey Canada is exposed to all three.

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.



Notes to the Financial Statements

June 30, 2016

**15. Financial Instrument Risks (continued)**

**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.

**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.

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

---

**16. Reclassification of General Equity Reserve Balances**

General equity reserves have been reclassified to the National Equity fund balance instead of as a liability within the fund as this better reflects the nature of the reserve. The comparative amounts for the year ended June 30, 2015 have been restated accordingly. Below are the line items in the financial statements that are impacted by this change.

	<u>Previously Reported</u>	<u>Restated Amount</u>
Insurance claims expense	\$ 3,634,949	\$ 2,134,949
Excess of revenue over expenses	\$ 9,411,693	\$ 10,911,693
Opening National Equity Fund	\$ 5,174,771	\$ 14,174,771
Total Fund balance, beginning of year	\$ 66,137,896	\$ 73,637,896
Other liabilities and reserves	\$ 15,414,609	\$ 6,414,609

---

Hockey Canada



**Schedule 1 - Activity for the Pillars Fund**

For the year ended June 30, 2016

	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	\$ 10,302,993	\$ 2,094,005	\$ 12,782,895	\$ 7,848,741	\$ 10,221,766	\$ 8,120,519	\$ 51,370,919
Excess (deficiency) of revenues over expenditures for the year	501,025	62,769	(244,881)	235,283	(2,282,954)	280,182	(1,448,576)
Inter-fund transfers (Note 10)	4,697,007		2,217,105	-	(6,494,995)	1,000,000	1,419,117
<b>Fund balance, end of the year</b>	<b>\$ 15,501,025</b>	<b>\$ 2,156,774</b>	<b>\$ 14,755,119</b>	<b>\$ 8,084,024</b>	<b>\$ 1,443,817</b>	<b>\$ 9,400,701</b>	<b>\$ 51,341,460</b>

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

Hockey Canada



**Schedule of Sport Canada Funded Revenue and Expenses**  
(Unaudited)

For the year ended June 30

**2016**

**Mainstream Athletes**

<b>Revenue</b>	<b>\$ 2,627,100</b>
<b>Expenses</b>	
Core	
Administration costs	6,172,005
Governance	5,649
Staff salaries	9,161,862
Coaching salaries and professional development	1,435,239
National team programs	9,831,631
Operations and programming	10,812,502
	<u>37,418,888</u>
Non-core	
International Sport Initiatives	560,451
Long term athlete development	269,180
Official languages	
	<u>38,248,519</u>
<b>Deficiency of revenue over expenses for mainstream athletes</b>	<b>\$ (35,621,419)</b>

**Athletes with a Disability**

<b>Revenue</b>	<b>\$ 856,875</b>
<b>Expenses</b>	
Core	
Administration costs	324,842
Staff salaries	187,000
Coaching salaries and professional development	160,214
National team programs	781,756
Operations and programming	91,307
	<u>1,545,119</u>
Non-core	
International Sport Initiatives	13,954
Long term athlete development	14,167
Official languages	
	<u>1,573,240</u>
<b>Deficiency of revenue over expenses for athletes with a disability</b>	<b>\$ (716,365)</b>

**Hockey Canada  
Financial Statements  
For the year ended June 30, 2017**

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 18
Schedule 1 - Activity for the Pillars Fund	19
<b>Unaudited Supplementary Financial Information</b>	
Schedule of Sport Canada Funded Revenue and Expenses	20

000122

24(1)

---

## Independent Auditor's Report

---

**To the Members of  
Hockey Canada**

We have audited the accompanying financial statements of Hockey Canada, which comprise the balance sheet as at June 30, 2017, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

24(1)

**Basis for Qualified Opinion**

As discussed in Note 15 to the financial statements, the figures for the year ended June 30, 2016 were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) except for the possible effects from the activities and balances related to the World Junior Championship 2017. The balance sheet for the year ended June 30, 2016 therefore also excludes these results.

**Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Hockey Canada as at June 30, 2017 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Unaudited Information**

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on page 20 of the Organization's Financial Statements.

24(1)

Chartered Professional Accountants, Licensed Public Accountants

Wattie & Gandy

24(1)

24(1)

3

000124

Hockey Canada



Balance Sheet

June 30					2017	2016
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total
<b>Assets</b>						
<b>Current</b>						
Cash (Note 2)	\$ 1,647,306	\$ -	\$ 1,146,880	\$ 6,336,333	\$ 9,130,519	\$ 7,862,802
Accounts receivable (Note 3)	5,473,942	33,618	6,710	2,526,743	8,041,013	9,504,155
Receivable from funds (Note 4)		2,184,370	5,458,592		7,642,962	6,413,336
Hockey Resource Centre inventory (Note 5)	772,977				772,977	512,299
Prepaid expenses	685,033				685,033	1,061,695
	<b>8,579,258</b>	<b>2,217,988</b>	<b>6,612,182</b>	<b>8,863,076</b>	<b>26,272,504</b>	<b>25,354,487</b>
Long-term investments (Note 6)	7,360,494	4,024,748	8,136,881	66,759,687	86,281,810	78,127,999
Tangible capital assets (Note 7)	3,367,143	-	-	-	3,367,143	4,101,203
	<b>\$ 19,305,895</b>	<b>\$ 6,242,736</b>	<b>\$ 14,749,063</b>	<b>\$ 75,622,763</b>	<b>\$ 115,921,457</b>	<b>\$ 107,583,689</b>
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Bank indebtedness (Note 2)	\$ -	\$ 62,466	\$ -	\$ -	\$ 62,466	\$ -
Accounts payable and accrued liabilities (Note 8)	5,956,637	768,741	538,144	1,973,479	9,237,001	7,337,212
Payable to funds (Note 4)	2,669,098	-	-	4,973,864	7,642,962	6,413,336
Deferred contributions, operations (Note 9)	827,766	-	-	-	827,766	2,508,958
Due to related parties (Note 14)	44,444	-	-	-	44,444	1,472,667
	<b>9,497,945</b>	<b>831,207</b>	<b>538,144</b>	<b>6,947,343</b>	<b>17,814,639</b>	<b>17,732,173</b>
Other liabilities and reserves			5,433,200	-	5,433,200	6,412,000
	<b>9,497,945</b>	<b>831,207</b>	<b>5,971,344</b>	<b>6,947,343</b>	<b>23,247,839</b>	<b>24,144,173</b>
<b>Fund balances</b>						
Internally restricted	3,367,143	5,411,529	8,777,719	68,675,420	86,231,811	76,225,090
Unrestricted	6,441,807	-	-	-	6,441,807	7,214,426
	<b>9,808,950</b>	<b>5,411,529</b>	<b>8,777,719</b>	<b>68,675,420</b>	<b>92,673,618</b>	<b>83,439,516</b>
	<b>\$ 19,305,895</b>	<b>\$ 6,242,736</b>	<b>\$ 14,749,063</b>	<b>\$ 75,622,763</b>	<b>\$ 115,921,457</b>	<b>\$ 107,583,689</b>

19(1) and 24(1)

000125

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

---

Hockey Canada



**Statement of Changes in Fund Balances**

<u>For the year ended June 30</u>				2017	2016
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule 1)	Total
Fund balances, beginning of the year	\$ 11,315,629	\$ 5,128,888	\$ 15,653,539	\$ 51,341,460	\$ 83,439,516
Excess (deficiency) of revenue over expenditures for the year	(3,825,785)	282,641	2,651,180	10,126,066	9,234,102 (1,110,073)
Interfund transfers (Note 10)	7,489,844	5,411,529	18,304,719	61,467,526	92,673,618 83,439,516
Fund balances, end of the year	<u>\$ 9,808,950</u>	<u>\$ 5,411,529</u>	<u>\$ 8,777,719</u>	<u>\$ 68,675,420</u>	<u>\$ 92,673,618</u> \$ 83,439,516

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



Statement of Operations

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2017	2016
					Total	Total
<b>Revenue</b>						
Funding (Notes 11 and 14)	\$ 6,148,146	\$ -	\$ -	\$ -	\$ 6,148,146	\$ 5,951,370
Marketing (Note 12)	21,771,380	-	-	-	21,771,380	20,958,361
Development (Note 14)	4,869,956	-	-	-	4,869,956	4,034,100
National events and camps (Note 11)	2,385,764	-	-	-	2,385,764	2,777,057
High performance (Note 14)	4,856,802	-	-	-	4,856,802	2,413,897
International event hosting (Note 11)	-	-	-	26,773,983	26,773,983	4,347,148
Investment and interest income	254,438	791,208	4,044,142	5,089,788	3,687,740	
Administration	786,398	-	-	-	786,398	2,188,396
Member services	3,348,177	-	-	-	3,348,177	3,448,340
Insurance premiums	-	3,967,234	8,321,841	-	12,289,075	12,199,524
	44,166,623	4,221,672	9,113,049	30,818,125	88,319,469	62,005,933
<b>Expenditures</b>						
Funding	232,386	-	-	-	232,386	204,826
Marketing	4,847,561	-	-	-	4,847,561	2,350,783
Development (Note 14)	5,178,451	-	313,864	-	5,492,315	4,697,104
National events and camps	4,173,991	-	-	-	4,173,991	4,963,786
High performance (Note 14)	13,851,700	-	-	-	13,851,700	11,978,101
International event hosting	-	-	-	21,259,946	21,259,946	6,031,535
Administration	16,948,052	559,749	655,105	1,414,123	19,577,029	18,202,713
Custodial fees	-	-	44,376	227,147	271,523	224,010
Member services	2,883,101	-	-	-	2,883,101	3,276,389
Insurance premiums	-	1,819,343	5,835,346	-	7,654,689	7,918,683
Insurance claims	-	1,706,866	268,670	-	1,975,536	1,662,784
	48,115,242	4,085,958	7,117,361	22,901,216	82,219,777	61,510,714
Excess (deficiency) of revenue over expenditures for the year before other item	(3,948,619)	135,714	1,995,688	7,916,909	6,099,692	495,219
<b>Other item</b>						
Unrealized gain (loss) on market value of investments	122,834	146,927	655,492	2,209,157	3,134,410	(1,605,292)
Excess (deficiency) of revenue over expenditures for the year	\$ (3,825,785)	\$ 282,641	\$ 2,651,180	\$ 10,126,066	\$ 9,234,102	\$ (1,110,073)

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

## Hockey Canada



### Statement of Cash Flows

For the year ended June 30

	2017	2016
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	\$ 9,234,102	\$ (1,110,073)
Items not involving cash		
Amortization of tangible capital assets	1,282,338	1,151,806
Unrealized (gain) loss on market value of investments	(3,134,410)	1,605,292
Loss (gain) on disposal of tangible capital assets	-	(1,796)
	<u>7,382,030</u>	<u>1,645,229</u>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	1,463,142	(1,316,239)
Hockey Resource Centre inventory	(260,678)	90,392
Prepaid expenses	376,862	(420,000)
Accounts payable and accrued liabilities	1,899,789	(5,216,446)
Deferred contributions, operations	(1,681,192)	749,747
Other liabilities and reserves	(978,800)	(2,609)
	<u>819,123</u>	<u>(6,115,155)</u>
	<u>8,201,153</u>	<u>(4,469,926)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible capital assets	(548,279)	(724,447)
Purchase of investments	(5,019,400)	(8,240,781)
Advances from (repayments to) related parties	(1,428,223)	356,152
	<u>(6,995,902)</u>	<u>(8,609,076)</u>
<b>Increase in cash during the year</b>	<b>1,205,251</b>	<b>(13,079,002)</b>
<b>Cash, beginning of the year</b>	<b>7,862,802</b>	<b>20,941,804</b>
<b>Cash, end of the year</b>	<b>\$ 9,068,053</b>	<b>\$ 7,862,802</b>
<b>Represented by</b>		
Cash	\$ 9,130,519	\$ 7,862,802
Bank indebtedness	(62,466)	-
	<u>\$ 9,068,053</u>	<u>\$ 7,862,802</u>

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

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2017

### 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 estimated settlements and professional fees related to these actions. This provision is reviewed regularly by the organization throughout the year to ensure that financial risk is minimized.

---

Hockey Canada



**Notes to the Financial Statements**

June 30, 2017

---

**1. Summary of Significant Accounting Policies (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.

**Inventory**

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

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2017

---

### 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:

Building	25 year straight line basis
Computer equipment	3 year straight line basis
Leasehold improvements	straight-line over the term of the lease
Office equipment	5 year straight line basis
Training/medical equipment	5 year straight line basis

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 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.

#### 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.

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2017

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

#### 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.

#### Use of Estimates

The preparation of financial statements in accordance with ASNPO 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 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.

#### Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed on a straight line basis.



**Notes to the Financial Statements**

June 30, 2017

---

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

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. 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.

---

**2. Cash (Bank Indebtedness)**

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, 2017 was 2.70%. Bank balances include \$558,818 denominated in U.S. dollars converted to \$693,963 Canadian. 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, 2017, the organization had undrawn credit capacity of \$1,000,000. The organization has a <sup>24(1)</sup> up to a maximum of \$2,500,000. At June 30, 2017, the organization had undrawn credit capacity of approximately \$2,338,000 on this facility.

---

**3. Accounts Receivable**

Accounts receivable includes \$2,767,519 due from the <sup>24(1)</sup> denominated in U.S. dollars converted to \$3,591,409 Canadian.

---

**4. Receivable From Funds / Payable to Funds**

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

---

**5. Hockey Resource Centre Inventory**

Total Hockey Resource Centre inventory sold during the year was \$221,666 (2016 - \$451,730).

---

---

Hockey Canada



Notes to the Financial Statements

June 30, 2017

**6. Long-Term Investments**

	2017	2016
Cash and money market funds (Effective rate 1%-2%)	\$ 3,307,015	\$ 993,521
Bond funds	40,509,544	36,636,812
Equities	41,995,000	39,521,041
Government bonds	213,068	220,694
Corporate bonds	<u>257,183</u>	<u>755,931</u>
Market value	<u>\$86,281,810</u>	<u>\$ 78,127,999</u>

Corporate and government bonds have effective rates ranging from 4.00% to 6.02% and mature between May 2018 and December 2019. Other long-term investments had an average rate of return of 3.30%.

---

**7. Tangible Capital Assets**

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 562,508	\$ 117,002	\$ 562,508	\$ 92,251
Computer equipment	3,220,354	1,965,591	2,672,075	1,211,693
Leasehold improvements	1,973,955	400,951	1,973,955	314,447
Office equipment	1,477,549	1,427,325	1,477,549	1,122,876
Training/medical equipment	<u>563,687</u>	<u>520,041</u>	<u>563,687</u>	<u>407,304</u>
	<u>\$ 7,798,053</u>	<u>\$ 4,430,910</u>	<u>\$ 7,249,774</u>	<u>\$ 3,148,571</u>
Net book value		<u>\$ 3,367,143</u>		<u>\$ 4,101,203</u>

During the year, the organization recognized amortization expense in the amount of \$1,282,338 (2016 -\$1,151,806).

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2017

### 8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$1,749,724 payable to the IIHF denominated in Swiss Francs converted to \$2,353,554 Canadian.

---

### 9. 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:

	2017	2016
Balance, beginning of the year	\$ 2,508,958	\$ 1,759,211
Contributions received	<u>827,766</u>	<u>2,508,958</u>
	<u>3,336,724</u>	<u>4,268,169</u>
Recognized to revenue	<u>(2,508,958)</u>	<u>(1,759,211)</u>
	<u>\$ 827,766</u>	<u>\$ 2,508,958</u>
Balance, end of the year	<u>\$ 827,766</u>	<u>\$ 2,508,958</u>

---

### 10. Interfund Transfers

During the year, the Board of Directors authorized a transfer of \$10,250,000 from the National Equity Fund to the Pillars Funds.

During the year, the Board of Directors authorized a transfer of \$3,042,106 from the Pillars Funds of which \$2,319,106 was transferred to the Operating Fund and \$723,000 was transferred to the National Equity Fund.

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2017

---

### 11. 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 \$7,299,000 received from the Government of Canada, the Province of Ontario, Tourism Montreal, Tourism Toronto, the Province of Quebec and the City of Montreal. (2016 - \$5,189,000).

---

### 12. Marketing

Sponsorship revenue includes value in kind of \$1,330,335 (2016 - \$1,298,727).

---

### 13. Commitments

The organization has entered into a contract with the IIHF committing to a hosting fee. The contract expires during the 2020/2021 season.

The organization has entered into a software licensing agreement and an IT management and support services agreement. The contracts expire between December 2018 and July 2020.

The organization has entered into a rental agreement committing to incur the operating costs relating to the organization's rented premises until 2031.

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

2018	\$ 2,623,344
2019	3,421,344
2020	2,419,344
2021	3,319,344
2022	<u>199,344</u>
	<u>\$ 11,982,720</u>

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2017

---

### 14. 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.

	2017	2016
Donations given Hockey Canada Foundation	<u>\$ 965,796</u>	<u>\$ 891,071</u>

	2017	2016
Grants received Hockey Canada Foundation	<u>\$ 796,563</u>	<u>\$ 450,491</u>

These transactions are in the normal course of operations and are measured at the exchange value, which approximates the arms length equivalent value.

	2017	2016
Amounts due to (from) related parties are as follows:		
Hockey Canada Foundation	<u>\$ 48,194</u>	<u>\$ 1,474,863</u>
Hockey Canada Foundation U.S.	<u>(3,750)</u>	<u>(2,196)</u>
	<u><b>\$ 44,444</b></u>	<u><b>\$ 1,472,667</b></u>

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

---

### 15. World Junior Championship 2017

The results from the World Junior Championship 2017 are included in the financial statements in the year the event has been completed. The event was completed in January 2017, and as such, the comparative amounts for the year ended June 30, 2016 as shown in these financial statements do not include the activities related to the 2017 World Junior Championship.

---



## Notes to the Financial Statements

June 30, 2017

### 16. 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, other liabilities and reserves and amounts due to related parties. 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 Hockey Canada 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.

---

Hockey Canada



## Notes to the Financial Statements

June 30, 2017

### **16. Financial Instruments Risks (continued)**

#### **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.

#### **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.

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

---

Hockey Canada



**Schedule 1 - Activity for the Pillars Fund**

For the year ended June 30, 2017

	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	\$ 15,501,025	\$ 2,156,774	\$ 14,755,119	\$ 8,084,024	\$ 1,443,817	\$ 9,400,701	\$ 51,341,460
Excess (deficiency) of revenues over expenditures for the year	1,665,267	226,517	705,098	1,172,816	5,404,277	952,091	10,126,066
Inter-fund transfers (Note 10)	-	-	-	9,527,000	(1,800,000)	(519,106)	7,207,894
<b>Fund balance, end of the year</b>	<b>\$ 17,166,292</b>	<b>\$ 2,383,291</b>	<b>\$ 15,460,217</b>	<b>\$ 18,783,840</b>	<b>\$ 5,048,094</b>	<b>\$ 9,833,686</b>	<b>\$ 68,675,420</b>

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

Hockey Canada



**Schedule of Sport Canada Funded Revenue and Expenses  
(Unaudited)**

For the year ended June 30

2017

**Mainstream Athletes**

<b>Revenue</b>	<b>\$ 2,838,100</b>
<b>Expenses</b>	
Core	
Administration costs	5,263,361
Governance	818,513
Staff salaries	10,452,068
Coaching salaries and professional development	1,401,659
National team programs	9,385,853
Operations and programming	<u>8,757,406</u>
	36,078,860
Non-core	
Long term athlete development	596,937
Official languages	<u>258,837</u>
	<u>36,934,634</u>
<b>Deficiency of revenue over expenses for mainstream athletes</b>	<b>\$ (34,096,534)</b>

**Athletes with a Disability**

<b>Revenue</b>	<b>\$ 875,000</b>
<b>Expenses</b>	
Core	
Administration costs	277,019
Staff salaries	152,850
Coaching salaries and professional development	144,790
National team programs	808,278
Operations and programming	<u>105,473</u>
	1,488,410
Non-core	
Official languages	<u>13,623</u>
	<u>1,502,033</u>
<b>Deficiency of revenue over expenses for athletes with a disability</b>	<b>\$ (627,033)</b>

**Hockey Canada**  
**Financial Statements**  
For the year ended June 30, 2018

---

**Contents**

Independent Auditor's Report	2 - 3
Financial Statements	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 19
Schedule 1 - Activity for the Pillars Fund	20
Schedule of Sport Canada Funded Revenue and Expenses	21

000142

24(1)

---

## Independent Auditor's Report

---

To the Members of  
Hockey Canada

We have audited the accompanying financial statements of Hockey Canada, which comprise the balance sheet as at June 30, 2018, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

24(1)

2

000143

24(1)

#### **Basis for Qualified Opinion**

As discussed in Note 17 to the financial statements, the figures for the year ended June 30, 2017 were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) except for the possible effects from the activities and balances related to the World Junior Championship 2017. All revenue and expenditures related to this event were recorded in fiscal 2017, therefore the opening fund balances for the year ended June 30, 2017 exclude any transactions that would have occurred in fiscal 2016.

#### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Hockey Canada as at June 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Unaudited Information**

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on page 21 of the Organization's Financial Statements.

24(1)

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

24(1)

000144

Hockey Canada  
  
 CANADA  
**Balance Sheet**

June 30

					2018	2017
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total
<b>Assets</b>						
<b>Current</b>						
Cash (Note 2)	\$ 1,980,547	\$ 239,746	\$ 883,125	\$ 6,106,206	\$ 9,209,624	\$ 9,130,519
Short-term investment (Note 3)					7,500,000	7,500,000
Accounts receivable (Note 4)	2,761,861	89,126	39,756	133,081	3,023,824	8,041,013
Receivable from funds (Note 5)		1,698,450	4,409,499			
Hockey Resource Centre inventories (Note 6)	830,958				6,107,949	7,642,962
Prepaid expenses	444,243		287,232	1,632,720	2,364,195	772,977
Due from related parties (Note 7)	1,207,137				1,207,137	685,033
	7,224,746	2,027,322	5,619,612	15,372,007	30,243,687	26,272,504
Long-term investments (Note 8)	10,297,454	4,222,913	6,808,644	69,212,479	90,541,490	86,281,810
Tangible capital assets (Note 9)	2,383,683				2,383,683	3,367,143
	<b>\$ 19,905,883</b>	<b>\$ 6,250,235</b>	<b>\$ 12,428,256</b>	<b>\$ 84,584,486</b>	<b>\$ 123,168,860</b>	<b>\$ 115,921,457</b>
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Bank indebtedness (Note 2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,466
Accounts payable and accrued liabilities (Note 10)	3,458,082	696,007	113,554	532,908	4,800,551	9,237,001
Payable to funds (Note 5)	2,701,105			3,406,844	6,107,949	7,642,962
Deferred contributions, operations (Note 11)	2,891,851				2,891,851	827,766
Due to related parties (Note 7)						44,444
Deferred revenue, international event hosting (Note 12)				13,268,137	13,268,137	
	<b>9,051,038</b>	<b>696,007</b>	<b>113,554</b>	<b>17,207,889</b>	<b>27,068,488</b>	<b>17,814,639</b>
Other liabilities and reserves			5,125,683		5,125,683	5,433,200
	<b>9,051,038</b>	<b>696,007</b>	<b>5,239,237</b>	<b>17,207,889</b>	<b>32,194,171</b>	<b>23,247,839</b>
<b>Fund balances</b>						
Internally restricted	2,383,683	5,554,228	7,189,019	67,376,597	82,503,527	86,231,811
Unrestricted	8,471,162				8,471,162	6,441,807
	<b>10,854,845</b>	<b>5,554,228</b>	<b>7,189,019</b>	<b>67,376,597</b>	<b>90,974,689</b>	<b>92,673,618</b>
	<b>\$ 19,905,883</b>	<b>\$ 6,250,235</b>	<b>\$ 12,428,256</b>	<b>\$ 84,584,486</b>	<b>\$ 123,168,860</b>	<b>\$ 115,921,457</b>

On behalf of the Board:

On behalf of Management:

24(1)

---

Hockey Canada



**Statement of Changes in Fund Balances**

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule 1)	2018	2017
Fund balances, beginning of the year	\$ 9,808,950	\$ 5,411,529	\$ 8,777,719	\$ 68,675,420	\$ 92,673,618	\$ 83,439,516
Excess (deficiency) of revenue over expenditures for the year	(3,198,172)	142,699	1,062,480	294,064	(1,698,929)	9,234,102
	6,610,778	5,554,228	9,840,199	68,969,484	90,974,689	92,673,618
Interfund transfers (Note 13)	4,244,067	-	(2,651,180)	(1,592,887)	-	-
Fund balances, end of the year	\$ 10,854,845	\$ 5,554,228	\$ 7,189,019	\$ 67,376,597	\$ 90,974,689	\$ 92,673,618

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



Statement of Operations

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2018	2017
<b>Revenue</b>						
Funding (Notes 7 and 14)	\$ 7,626,471	\$ -	\$ -	\$ -	\$ 7,626,471	\$ 6,148,146
Marketing (Note 15)	22,171,373	-	-	-	22,171,373	21,771,380
Development (Note 7)	4,153,520	-	-	-	4,153,520	4,869,956
National events and camps (Note 14)	2,651,900	-	-	-	2,651,900	2,385,764
High performance (Note 7)	3,560,521	-	-	-	3,560,521	4,856,802
International event hosting (Note 14)	-	-	-	2,777,500	2,777,500	26,773,983
Investment and interest income	110,637	206,158	333,005	3,388,175	3,927,338	5,089,788
Administration	3,226,221	-	-	-	110,637	786,398
Member services	-	3,894,044	8,175,414	-	3,226,221	3,348,177
Insurance premiums					12,069,458	12,289,075
	<b>43,500,643</b>	<b>4,100,202</b>	<b>8,508,419</b>	<b>6,165,675</b>	<b>62,274,939</b>	<b>88,319,469</b>
<b>Expenditures</b>						
Funding	146,848	-	-	-	146,848	232,386
Marketing	2,876,890	-	-	-	2,876,890	4,847,561
Development (Note 7)	4,183,968	-	337,190	-	4,521,158	5,492,315
National events and camps	4,239,297	-	-	-	4,239,297	4,173,991
High performance (Note 7)	16,977,775	-	350,000	-	17,327,775	13,851,700
International event hosting	-	-	-	3,690,227	3,690,227	21,259,946
Administration	16,511,479	594,411	608,849	2,188,501	19,903,240	19,577,029
Custodial fees	-	-	23,368	249,650	273,018	271,523
Member services	1,828,321	-	1,888,760	6,110,556	1,828,321	2,883,101
Insurance premiums	-	1,490,198	-	66,888	7,999,316	7,654,689
Insurance claims					1,557,086	1,975,536
	<b>46,764,578</b>	<b>3,973,369</b>	<b>7,496,851</b>	<b>6,128,378</b>	<b>64,363,176</b>	<b>82,219,777</b>
<b>Excess (deficiency) of revenue over expenditures for the year before other item</b>	<b>(3,263,935)</b>	<b>126,833</b>	<b>1,011,568</b>	<b>37,297</b>	<b>(2,088,237)</b>	<b>6,099,692</b>
<b>Other item</b>						
Unrealized gain on market value of investments	65,763	15,866	50,912	256,767	389,308	3,134,410
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ (3,198,172)</b>	<b>\$ 142,699</b>	<b>\$ 1,062,480</b>	<b>\$ 294,064</b>	<b>\$ (1,698,929)</b>	<b>\$ 9,234,102</b>

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

## Hockey Canada



## Statement of Cash Flows

For the year ended June 30	2018	2017
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	\$ (1,698,929)	\$ 9,234,102
Items not involving cash		
Amortization of tangible capital assets	786,682	1,282,338
Unrealized gain on market value of investments	(389,308)	(3,134,410)
Gain on disposal of tangible capital assets	(142,472)	-
	<u>(1,444,027)</u>	<u>7,382,030</u>
Changes in non-cash working capital balances		
Accounts receivable	5,017,189	1,463,142
Hockey Resource Centre inventories	(57,981)	(260,678)
Prepaid expenses	(1,679,162)	376,862
Accounts payable and accrued liabilities	(4,436,450)	1,899,789
Deferred contributions, operations	2,064,085	(1,681,192)
Deferred revenue, international event hosting (Note 12)	13,268,137	-
Other liabilities and reserves	(307,517)	(978,800)
	<u>13,868,301</u>	<u>819,123</u>
	<u>12,424,274</u>	<u>8,201,153</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible capital assets	(305,750)	(548,279)
Proceeds on disposal of tangible capital assets	645,000	-
Purchase of investments	(11,370,372)	(5,019,400)
Repayments to related parties	(1,251,581)	(1,428,223)
	<u>(12,282,703)</u>	<u>(6,995,902)</u>
<b>Increase in cash during the year</b>	<b>141,571</b>	<b>1,205,251</b>
<b>Cash, beginning of the year</b>	<b>9,068,053</b>	<b>7,862,802</b>
<b>Cash, end of the year</b>	<b>\$ 9,209,624</b>	<b>\$ 9,068,053</b>
<b>Represented by</b>		
Cash	\$ 9,209,624	\$ 9,130,519
Bank indebtedness	-	(62,466)
	<u>\$ 9,209,624</u>	<u>\$ 9,068,053</u>

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



Notes to the Financial Statements

June 30, 2018

**1. Summary of Significant Accounting Policies**

<b>Nature of Operations</b>	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.
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).
<b>Fund Accounting</b>	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 estimated settlements and professional fees related to these actions. This provision is reviewed regularly by the organization throughout the year to ensure that financial risk is minimized.



Notes to the Financial Statements

June 30, 2018

---

**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, 2018

---

**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:

Building	- 25 year straight line basis
Computer equipment	- 3 year straight line basis
Leasehold improvements	- straight-line over the term of the lease
Office equipment	- 5 year straight line basis
Training/medical equipment	- 5 year straight line basis

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 in the year in which the event occurred and performance has been achieved if the amount received can be reasonably measured and collection is reasonably assured.

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.



## Notes to the Financial Statements

June 30, 2018

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

#### 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.

#### Use of Estimates

The preparation of financial statements in accordance with ASNPO 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 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.

---

Hockey Canada



Notes to the Financial Statements

June 30, 2018

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

**Leases**

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed on a straight line basis.

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. 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.

---



**Notes to the Financial Statements**

June 30, 2018

---

**2. Cash (Bank Indebtedness)**

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, 2018 was 3.45% (2017 - 2.70%). Bank balances include \$657,716 (2017 - \$558,818) denominated in U.S. dollars converted to \$849,741 (2017 - \$693,963) Canadian. 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, 2018, the organization had undrawn credit capacity of \$1,000,000 (2017 - \$1,000,000). The organization has a <sup>24(1)</sup> up to a maximum of \$1,250,000. At June 30, 2018, the organization had undrawn credit capacity of approximately \$1,126,000 (2017 - \$2,338,000) on this facility. The organization has an available credit card limit of \$890,000. At June 30, 2018, the organization had undrawn credit capacity of approximately \$554,000 (2017 - \$436,000).

---

**3. Short-Term Investment**

The short-term investment consists of a guaranteed investment certificate bearing interest at 1.70%, maturing October 2018.

---

**4. Accounts Receivable**

Accounts receivable includes \$450,151 (2017 - \$nil) due from the <sup>24(1)</sup> denominated in Swiss Francs converted to \$598,538 Canadian. Accounts receivable includes \$13,500 (2017 - \$nil) due from the IIHF denominated in Euros converted to \$17,931 Canadian. Accounts receivable includes \$75,000 (2017 - \$2,767,519) due from the <sup>24(1)</sup> denominated in U.S. dollars converted to \$113,947 (2017 - \$3,591,409) Canadian.

---

**5. Receivable From Funds / Payable to Funds**

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

---

**6. Hockey Resource Centre Inventories**

Total Hockey Resource Centre inventory sold during the year was \$147,970 (2017 - \$221,666).

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2018

---

### 7. Related Party Transactions and Due From/To Related Parties

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:

	2018	2017
Donations given Hockey Canada Foundation	<u>\$ 1,171,554</u>	<u>\$ 965,796</u>
Grants received Hockey Canada Foundation	<u>\$ 522,492</u>	<u>\$ 796,563</u>

These transactions are in the normal course of operations and are measured at the exchange value, which approximates the arms length equivalent value.

	2018	2017
Amounts due to (from) related parties are as follows:		
Hockey Canada Foundation	<u>\$ (1,203,457)</u>	<u>\$ 48,194</u>
Hockey Canada Foundation U.S.	<u>(3,680)</u>	<u>(3,750)</u>
	<u><b>\$ (1,207,137)</b></u>	<u><b>\$ 44,444</b></u>

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

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2018

---

### 8. Long-Term Investments

	2018	2017
Cash and money market funds	\$ 3,417,192	\$ 3,307,015
Bond funds	41,904,990	40,509,544
Equities	45,013,113	41,995,000
Government bonds	206,195	213,068
Corporate bonds	-	257,183
Market value	<u>\$90,541,490</u>	<u>\$ 86,281,810</u>

Corporate and government bonds have effective rates ranging from 4.00% to 4.50% and mature December 2019. Other long-term investments had an average rate of return of 5.00%.

---

### 9. Tangible Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ -	\$ -	\$ 562,508	\$ 117,002
Computer equipment	3,525,453	2,586,812	3,220,354	1,965,591
Leasehold improvements	1,893,207	471,127	1,973,955	400,951
Office equipment	1,470,767	1,469,486	1,477,549	1,427,325
Training/medical equipment	563,687	542,006	563,687	520,041
	<u>\$ 7,453,114</u>	<u>\$ 5,069,431</u>	<u>\$ 7,798,053</u>	<u>\$ 4,430,910</u>
Net book value		<u>\$ 2,383,683</u>		<u>\$ 3,367,143</u>

During the year, the organization recognized amortization expense in the amount of \$786,682 (2017 -\$1,282,338).

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2018

---

### 10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$260,663 (2017 - \$1,749,724) payable to the IIHF denominated in Swiss Francs converted to \$346,212 (2017 - \$2,353,554) Canadian. Accounts payable and accrued liabilities include \$69,438 (2017 - \$19,383) in government remittances.

---

### 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:

	2018	2017
Balance, beginning of the year	\$ 827,766	\$ 2,508,958
Contributions received	<u>2,891,851</u>	<u>827,766</u>
Recognized to revenue	3,719,617	3,336,724
	<u>(827,766)</u>	<u>(2,508,958)</u>
Balance, end of the year	<u>\$ 2,891,851</u>	<u>\$ 827,766</u>

---

### 12. Deferred Revenue, International Event Hosting

Deferred revenue, International event hosting relates to ticket sales for the World Junior Championship 2019, in which the event will occur December 2018 and January 2019 and the revenue will then be recognized.

---

### 13. Interfund Transfers

During the year, the Board of Directors authorized a transfer of \$2,651,180 (2017 - \$10,250,000) from the National Equity Fund to the Pillars Funds.

During the year, the Board of Directors authorized a transfer of \$4,244,067 (2017 - \$2,319,106) from the Pillars Funds to the Operating Fund and \$nil (2017 - \$723,000) from the Pillars Funds to the National Equity Fund.

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2018

---

### 14. 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 \$4,190,850 received from the Government of Canada, \$250,000 from the Province of Alberta and \$2,300,000 from the Province of British Columbia (2017 - \$7,299,000).

---

### 15. Marketing

Sponsorship revenue includes value in kind of \$1,385,660 (2017 - \$1,330,335) including products and contributed services in exchange for sponsorship rights. These transactions have been measured at the fair value of the contributed products and services.

---

### 16. Commitments

The organization has entered into a contract with the IIHF committing to event 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 December 2018 and October 2021.

The organization has entered into two rental agreements committing to incur the rental and operating costs relating to the organization's rented premises expiring between April 2023 and October 2031.

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

2019	\$ 3,827,092
2020	2,690,542
2021	3,829,222
2022	2,453,022
2023	2,408,342
	<hr/>
	\$ 15,208,220

---



**Notes to the Financial Statements**

June 30, 2018

---

**17. Comparative Information**

The results from the World Junior Championship 2017 were included in the financial statements in the year the event was completed. The event was completed in January 2017, and as such, all revenue and expenditures related to this event were recorded in fiscal 2017, therefore the opening fund balances for the year ended June 30, 2017 exclude any transactions that would have occurred in fiscal 2016.

---

**18. 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, other liabilities and reserves 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.



**Notes to the Financial Statements**

June 30, 2018

---

**18. Financial Instrument Risks (continued)**

**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.

**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 of Canadian government bonds, and 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.

---

Hockey Canada



**Schedule 1 - Activity for the Pillars Fund**

**For the year ended June 30, 2018**

	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	\$ 17,166,292	\$ 2,383,291	\$ 15,460,217	\$ 18,783,840	\$ 5,048,094	\$ 9,833,686	\$ 68,675,420
Excess (deficiency) of revenues over expenditures for the year	797,425	120,609	(283,025)	1,029,259	(1,838,648)	468,444	294,064
Inter-fund transfers (Note 13)	(1,827,479)	644,349	-	2,651,180	(2,452,401)	(608,536)	(1,592,887)
<b>Fund balance, end of the year</b>	<b>\$ 16,136,238</b>	<b>\$ 3,148,249</b>	<b>\$ 15,177,192</b>	<b>\$ 22,464,279</b>	<b>\$ 757,045</b>	<b>\$ 9,693,594</b>	<b>\$ 67,376,597</b>

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

Hockey Canada



**Schedule of Sport Canada Funded Revenue and Expenses  
(Unaudited)**

<u>For the year ended June 30</u>	<u>2018</u>
<b>Mainstream Athletes</b>	
Revenue	\$ 3,737,850
Expenses	
Core	
Administration costs	4,469,259
Governance	839,587
Staff salaries	10,544,154
Coaching salaries and professional development	751,608
National team programs	10,369,095
Operations and programming	9,564,833
	<u>36,538,536</u>
Non-core	
Official languages	224,200
	<u>36,762,736</u>
<b>Deficiency of revenue over expenses for mainstream athletes</b>	<b>\$ (33,024,886)</b>
<b>Athletes with a Disability</b>	
Revenue	\$ 303,000
Expenses	
Core	
Administration costs	235,224
Governance	44,189
Staff salaries	187,000
Coaching salaries and professional development	155,737
National team programs	1,015,815
Operations and programming	55,420
	<u>1,693,385</u>
Non-core	
Official languages	11,800
	<u>1,705,185</u>
<b>Deficiency of revenue over expenses for athletes with a disability</b>	<b>\$ (1,402,185)</b>

---

## Independent Auditor's Report

---

**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.

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

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
<b>Notes to the Financial Statements</b>	<b>8 - 19</b>
<b>Schedule 1 - Activity for the Pillars Fund</b>	<b>20</b>
<b>Schedule of Sport Canada Funded Revenue and Expenses</b>	<b>21</b>

000164

24(1)

#### **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.

24(1)

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

24(1)

3

000165

Hockey Canada



Balance Sheet

June 30	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2019	2018
					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)	2,005,459	54,827	1,634,206	9,844,563	9,844,563	7,500,000
Accounts receivable (Note 4)	330,071	(1,056,534)	3,312,630	81,426	3,776,018	3,023,824
Receivable from (payable to) funds (Note 5)	1,025,265			(2,586,167)		
Hockey Resource Centre inventories (Note 6)	403,321				403,321	830,958
Prepaid expenses					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
	<b>\$ 18,721,272</b>	<b>\$ 6,864,341</b>	<b>\$ 13,502,873</b>	<b>\$ 82,017,723</b>	<b>\$ 121,106,209</b>	<b>\$ 117,060,911</b>
<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
	<b>\$ 5,248,858</b>	<b>\$ 856,437</b>	<b>\$ 390,822</b>	<b>\$ 922,839</b>	<b>\$ 7,418,956</b>	<b>\$ 20,960,539</b>
Other liabilities and provisions			4,636,269		4,636,269	5,125,683
	<b>\$ 5,248,858</b>	<b>\$ 856,437</b>	<b>\$ 5,027,091</b>	<b>\$ 922,839</b>	<b>\$ 12,055,225</b>	<b>\$ 26,086,222</b>
<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
	<b>\$ 13,472,414</b>	<b>\$ 6,007,904</b>	<b>\$ 8,475,782</b>	<b>\$ 81,094,884</b>	<b>\$ 109,050,984</b>	<b>\$ 90,974,689</b>
	<b>\$ 18,721,272</b>	<b>\$ 6,864,341</b>	<b>\$ 13,502,873</b>	<b>\$ 82,017,723</b>	<b>\$ 121,106,209</b>	<b>\$ 117,060,911</b>

On behalf of the Board:

On behalf of Management:

19(1) and 24(1)

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

Hockey Canada



**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
Fund balances, beginning of the year	\$ 10,854,845	\$ 5,554,228	\$ 7,189,019	\$ 67,376,597	\$ 90,974,689
Excess (deficiency) of revenue over expenditures for the year	(608,119)	453,676	2,349,243	15,881,495	18,076,295
	10,246,726	6,007,904	9,538,262	83,258,092	109,050,984
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

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



## Statement of Operations

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2019	2018
<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)	-	-	-	-	2,777,500	
Investment and interest income	-	-	-	-	4,308,459	3,927,338
Administration	918,918	251,711	368,278	36,417,937	918,918	110,637
Member services	3,100,981	-	-	3,688,470	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>
<b>Excess (deficiency) of revenue over expenditures for the year before other item</b>	<b>(727,364)</b>	<b>379,968</b>	<b>2,243,840</b>	<b>14,678,950</b>	<b>16,575,394</b>	<b>(2,088,237)</b>
<b>Other Item</b>						
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
<b>Cash flows from operating activities</b>		
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>
<b>Cash flows from investing activities</b>		
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>
<b>Increase (decrease) in cash during the year</b>	<b>(1,932,830)</b>	<b>3,558,763</b>
<b>Cash, beginning of the year</b>	<b>12,626,816</b>	<b>9,068,053</b>
<b>Cash, end of the year</b>	<b>\$ 10,693,986</b>	<b>\$ 12,626,816</b>

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

---

Hockey Canada



## Notes to the Financial Statements

June 30, 2019

### 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

---

**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

### 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

### 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.

---



Notes to the Financial Statements

June 30, 2019

---

**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 organization's 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 ~~24(1)~~ 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).

---

**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.

---

**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.

---

**5. Receivable From Funds / Payable to Funds**

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

---

**6. Hockey Resource Centre Inventories**

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

---

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

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	<u>\$ 113,777</u>	<u>\$ (1,203,457)</u>
Hockey Canada Foundation U.S.	<u>1,700</u>	<u>(3,680)</u>
	<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.

## Hockey Canada



## 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>	 \$ 87,124,298

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
 Net book value	 <u>\$ 7,597,848</u>	<u>\$ 5,688,126</u>	<u>\$ 7,453,114</u>	<u>\$ 5,069,431</u>
	 <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:

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

---

**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.

---



**Notes to the Financial Statements**

June 30, 2019

---

**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.

Hockey Canada



**Schedule of Sport Canada Funded Revenue and Expenses**  
(Unaudited)

For the year ended June 30 2019

**Mainstream Athletes**

<b>Revenue</b>	<b>\$ 956,126</b>
<b>Expenses</b>	
<b>Core</b>	
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	<u>10,226,286</u>
	33,834,537
<b>Non-core</b>	
Official languages	<u>231,135</u>
	<u>34,065,672</u>
<b>Deficiency of revenue over expenses for mainstream athletes</b>	<b>\$ (33,109,546)</b>

**Athletes with a Disability**

<b>Revenue</b>	<b>\$ 874,974</b>
<b>Expenses</b>	
<b>Core</b>	
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	<u>60,334</u>
	1,523,490
<b>Non-core</b>	
Official languages	<u>12,165</u>
	<u>1,535,655</u>
<b>Deficiency of revenue over expenses for athletes with a disability</b>	<b>\$ (660,681)</b>

---

Hockey Canada



## Notes to the Financial Statements

June 30, 2019

---

### 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.

---

DISCLOSURE  
PURSUANT  
TO  
COPYRIGHT  
A-2022-146188

Hockey Canada



**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	12,055,535	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)
<b>Fund balance, end of the year</b>	<b>\$ 15,261,048</b>	<b>\$ 3,348,056</b>	<b>\$ 15,600,013</b>	<b>\$ 25,103,926</b>	<b>\$ 11,009,685</b>	<b>\$ 10,770,156</b>	<b>\$ 81,094,884</b>

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

20

000183

**Hockey Canada**  
**Financial Statements**  
**For the year ended June 30, 2020**

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 20
<b>Schedule 1 - Activity for the Pillars Fund</b>	<b>21</b>
<b>Schedule of Sport Canada Funded Revenue and Expenses</b>	<b>22</b>

---

## Independent Auditor's Report

---

### 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, 2020, 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, 2020, 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.

000185

2

24(1)

#### **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.

24(1)

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario

24(1)

000186

**Hockey Canada**  
  
**Balance Sheet**

June 30					2020	2019
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total
<b>Assets</b>						
<b>Current</b>						
Cash (Note 2)	\$ 6,704,659	\$ 211,037	\$ 2,848,564	\$ 10,410,826	\$ 20,175,086	\$ 10,693,986
Short-term investments (Note 3)	300,000	-	-	4,500,000	4,800,000	9,844,563
Accounts receivable (Note 4)	2,808,882	117,611	922,183	119,795	3,968,471	3,776,018
Receivable from (payable to) funds (Note 5)	(35,040)	(4,453)	190,191	(150,698)	-	-
Hockey Resource Centre inventories (Note 6)	1,000,355	-	-	-	1,000,355	1,025,265
Prepaid expenses	206,614	73	7,205	139,272	353,164	403,321
Due from related parties (Note 7)	711,299	-	-	-	711,299	-
	11,696,769	324,268	3,968,143	15,019,195	31,008,375	25,743,153
Long-term investments (Note 8)	10,518,337	7,008,348	8,154,199	74,783,367	100,464,251	93,453,334
Tangible capital assets (Note 9)	1,601,188	-	-	-	1,601,188	1,909,722
	<b>\$ 23,816,294</b>	<b>\$ 7,332,616</b>	<b>\$ 12,122,342</b>	<b>\$ 89,802,562</b>	<b>\$ 133,073,814</b>	<b>\$ 121,106,209</b>
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Accounts payable and accrued liabilities (Note 10)	\$ 4,399,903	\$ 968,508	\$ 26,938	\$ 224,680	\$ 5,620,029	\$ 7,096,543
Deferred contributions, operations (Note 11)	4,339,591	-	-	-	4,339,591	206,936
Deferred revenue, international event hosting (Note 12)	-	-	-	12,749,231	12,749,231	-
Due to related parties (Note 7)	-	-	-	-	-	115,477
	8,739,494	968,508	26,938	12,973,911	22,708,851	7,418,956
Other liabilities and provisions	-	-	4,470,078	-	4,470,078	4,636,269
	8,739,494	968,508	4,497,016	12,973,911	27,178,929	12,055,225
<b>Fund balances</b>						
Internally restricted	1,601,188	6,364,108	7,625,326	76,828,651	92,419,273	97,488,292
Unrestricted	13,475,612	-	-	-	13,475,612	11,562,692
	15,076,800	6,364,108	7,625,326	76,828,651	105,894,885	109,050,984
	<b>\$ 23,816,294</b>	<b>\$ 7,332,616</b>	<b>\$ 12,122,342</b>	<b>\$ 89,802,562</b>	<b>\$ 133,073,814</b>	<b>\$ 121,106,209</b>

On behalf of the Board:

19(1) and 24(1)

On behalf of Management:

000187

---

Hockey Canada



**Statement of Changes in Fund Balances**

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars (Schedule 1)	2020	2019
					Total	Total
Fund balances, beginning of the year	\$ 13,472,414	\$ 6,007,904	\$ 8,475,782	\$ 81,094,884	\$ 109,050,984	\$ 90,974,689
Excess (deficiency) of revenue over expenditures for the year	(308,106)	356,204	1,498,788	(4,702,985)	(3,156,099)	18,076,295
	13,164,308	6,364,108	9,974,570	76,391,899	105,894,885	109,050,984
Interfund transfers (Note 13)	1,912,492	-	(2,349,244)	436,752	-	-
Fund balances, end of the year	<b>\$ 15,076,800</b>	<b>\$ 6,364,108</b>	<b>\$ 7,625,326</b>	<b>\$ 76,828,651</b>	<b>\$ 105,894,885</b>	<b>\$ 109,050,984</b>

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



Statement of Operations

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2020	2019
<b>Revenue</b>						
Funding (Notes 7 and 14)	\$ 6,990,416	\$ -	\$ -	\$ 6,990,416	\$ 7,423,209	
Marketing (Note 15)	19,512,956	-	-	19,512,956	20,760,113	
Development (Note 7)	2,111,316	-	-	2,111,316	2,661,122	
National events and camps (Note 14)	800,465	-	-	800,465	2,355,598	
High performance (Note 7)	540,659	-	-	540,659	2,799,202	
International event hosting (Note 14 and 15)	-	-	1,934,431	1,934,431	36,417,937	
Investment and interest income	801,252	1,594,717	9,423,167	11,819,136	4,308,459	
Administration	1,453,748	-	-	1,453,748	918,918	
Member services	2,819,946	-	-	2,819,946	3,100,981	
Grow the game	1,865,486	-	-	1,865,486	1,645,751	
Insurance premiums	-	5,883,039	9,314,053	-	15,197,092	15,493,891
	<b>36,094,992</b>	<b>6,684,291</b>	<b>10,908,770</b>	<b>11,357,598</b>	<b>65,045,651</b>	<b>97,885,181</b>
<b>Expenditures</b>						
Funding	522,001	-	-	522,001	673,793	
Marketing	2,113,380	-	-	2,113,380	2,121,355	
Development (Note 7)	1,629,233	-	325,743	1,954,976	3,311,078	
National events and camps	2,073,821	-	-	2,073,821	3,935,286	
High performance (Note 7)	8,876,284	-	-	8,876,284	11,649,841	
International event hosting	-	-	2,950,562	2,950,562	23,838,044	
Administration	16,160,304	589,383	1,160,629	3,602,832	21,513,148	18,991,346
Custodial fees	-	-	35,963	252,163	288,126	274,395
Member services	2,784,406	-	-	-	2,784,406	3,716,294
Grow the game	2,104,625	-	-	-	2,104,625	1,303,949
Member engagement	131,128	-	-	-	131,128	96,197
Insurance premiums	-	3,616,549	6,018,337	-	9,634,886	9,897,460
(Reversal of) Insurance claims	-	1,400,389	(15,240)	-	1,385,149	1,500,749
	<b>36,395,182</b>	<b>5,606,321</b>	<b>7,525,432</b>	<b>6,805,557</b>	<b>56,332,492</b>	<b>81,309,787</b>
<b>Excess (deficiency) of revenue over expenditures for the year before other item</b>	<b>(300,190)</b>	<b>1,077,970</b>	<b>3,383,338</b>	<b>4,552,041</b>	<b>8,713,159</b>	<b>16,575,394</b>
<b>Other item</b>						
Unrealized (loss) on market value of investments	(7,916)	(721,766)	(1,884,550)	(9,255,026)	(11,869,258)	1,500,901
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ (308,106)</b>	<b>\$ 356,204</b>	<b>\$ 1,498,788</b>	<b>\$ (4,702,985)</b>	<b>\$ (3,156,099)</b>	<b>\$ 18,076,295</b>

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

Hockey Canada



**Statement of Cash Flows**

<u>For the year ended June 30</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	<u>\$ (3,156,099)</u>	<u>\$ 18,076,295</u>
Items not involving cash		
Amortization of tangible capital assets	<u>500,545</u>	<u>653,204</u>
Unrealized (loss) on market value of investments	<u>11,869,258</u>	<u>(1,500,901)</u>
	<u><u>9,213,704</u></u>	<u><u>17,228,598</u></u>
Changes in non-cash working capital balances		
Accounts receivable	<u>(192,453)</u>	<u>(752,194)</u>
Hockey Resource Centre inventories	<u>24,910</u>	<u>(194,307)</u>
Prepaid expenses	<u>50,157</u>	<u>1,960,874</u>
Accounts payable and accrued liabilities	<u>(1,476,514)</u>	<u>2,295,992</u>
Deferred contributions, operations	<u>4,132,655</u>	<u>(2,684,915)</u>
Deferred revenue, international event hosting	<u>12,749,231</u>	<u>(13,268,137)</u>
Other liabilities and provisions	<u>(166,191)</u>	<u>(489,414)</u>
	<u><u>15,121,795</u></u>	<u><u>(13,132,101)</u></u>
	<u><u>24,335,499</u></u>	<u><u>4,096,497</u></u>
<b>Cash flows from investing activities</b>		
Purchase of tangible capital assets	<u>(192,011)</u>	<u>(179,243)</u>
Purchase of investments	<u>(23,680,175)</u>	<u>(14,672,698)</u>
Proceeds on disposal of investments	<u>9,844,563</u>	<u>7,500,000</u>
Advances from related parties	<u>-</u>	<u>1,322,614</u>
Repayments to related parties	<u>(826,776)</u>	
	<u><u>(14,854,399)</u></u>	<u><u>(6,029,327)</u></u>
<b>Increase (decrease) in cash during the year</b>	<u>9,481,100</u>	<u>(1,932,830)</u>
<b>Cash, beginning of the year</b>	<u><u>10,693,986</u></u>	<u><u>12,626,816</u></u>
<b>Cash, end of the year</b>	<u><u>\$ 20,175,086</u></u>	<u><u>\$ 10,693,986</u></u>

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



**Notes to the Financial Statements**

June 30, 2020

**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, 2020

---

**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, 2020

### 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, 2020

### 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 and services 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, 2020

---

**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.

---



**Notes to the Financial Statements**

June 30, 2020

---

**2. Cash**

The organization's bank accounts are held at two chartered banks. <sup>24(1)</sup> bank accounts earn interest at the lower of the Bank of Canada Overnight Target rate less 0.400% per annum. The Overnight Target rate at June 30, 2020 was 0.25% (2019 - 1.75%). <sup>24(1)</sup> bank accounts earn interest at a nominal rate of prime less 1.90% per annum. The prime rate at June 30, 2020 was 2.45% (2019 - 3.95%). Bank balances include \$1,014,128 (2019 - \$926,636) denominated in U.S. dollars converted to \$1,385,780 (2019 - \$1,211,947) Canadian. Cash and money market funds totaling \$3,413,598 (2019 - \$3,067,291) are held in an investment portfolio that is grouped with the organizations bank balance.

The organization has a \$3,200,000 overdraft demand facility with <sup>24(1)</sup> at a rate of bank prime and it is secured by a general security agreement. At June 30, 2020, the organization had undrawn credit capacity of \$3,200,000. The organization has an available credit card limit of \$3,200,000 with <sup>24(1)</sup>. At June 30, 2020, the organization had undrawn credit card capacity of \$3,200,000. The organization has an available credit card limit of \$890,000 with <sup>24(1)</sup>. At June 30, 2020, the organization had undrawn credit card capacity of \$890,000 (2019 - \$358,000).

---

**3. Short-term Investments**

Short-term investments consist of guaranteed investment certificates held at <sup>24(1)</sup> <sup>24(1)</sup> and <sup>24(1)</sup> bearing interest at 1.00% and 1.87%, maturing July 2020 and September 2020.

---

**4. Accounts Receivable**

Accounts receivable includes \$51,895 (2019 - \$237,383) due from third parties denominated in Swiss Francs converted to \$74,476 (2019 - \$319,637) Canadian. Accounts receivable includes \$14,321 (2019 - \$142,984) due from third parties denominated in U.S. dollars converted to \$19,469 (2019 - \$188,754) Canadian. Accounts receivable includes \$221,433 (2019 - \$194,447) in government remittances.

---

**5. Receivable From Funds / Payable to Funds**

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

---

**6. Hockey Resource Centre Inventories**

Total Hockey Resource Centre inventory expensed during the year was \$752,413 (2019 - \$1,048,334).

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2020

---

### 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:

	2020	2019
Donations given Hockey Canada Foundation	<u>\$ 398,449</u>	<u>\$ 935,221</u>
Grants received Hockey Canada Foundation	<u>\$ 1,068,047</u>	<u>\$ 709,727</u>

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

	2020	2019
Amounts due to (from) related parties are as follows:		
Hockey Canada Foundation	<u>\$ (715,321)</u>	<u>\$ 113,777</u>
Hockey Canada Foundation U.S.	<u>4,022</u>	<u>1,700</u>
	<u><b>\$ (711,299)</b></u>	<u><b>\$ 115,477</b></u>

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

---

---

Hockey Canada



Notes to the Financial Statements

June 30, 2020

---

**8. Long-term Investments**

	2020	2019
Bond funds	<u>\$44,596,841</u>	<u>\$ 47,919,534</u>
Equities	<u>55,867,410</u>	<u>45,533,800</u>
Market value	<u>\$100,464,251</u>	<u>\$ 93,453,334</u>

Long-term investments had an average rate of return of 5.77%.

---

**9. Tangible Capital Assets**

	2020			2019
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 3,535,645	\$ 3,425,823	\$ 3,535,645	\$ 3,137,299
Leasehold improvements	1,979,923	637,674	1,893,207	554,400
Office equipment	1,481,738	1,446,953	1,481,738	1,438,256
Software	228,868	114,536	123,571	
Training/medical equipment	563,687	563,687	563,687	558,171
	<u>\$ 7,789,861</u>	<u>\$ 6,188,673</u>	<u>\$ 7,597,848</u>	<u>\$ 5,688,126</u>
Net book value		<u>\$ 1,601,188</u>		<u>\$ 1,909,722</u>

During the year, the organization recognized amortization expense in the amount of \$500,545 (2019 - \$653,204).

---

**10. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities also include \$409,020 (2019 - \$1,020,450) denominated in U.S. dollars and \$nil (2019 - \$182,388) denominated in Euros converted to \$555,163 (2019 - \$1,335,029) and \$nil (2019 - \$269,424) Canadian respectively.

---

---

Hockey Canada



Notes to the Financial Statements

June 30, 2020

**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:

	2020	2019
Balance, beginning of the year	\$ 206,936	\$ 2,891,851
Contributions received	<u>4,339,591</u>	<u>206,936</u>
	4,546,527	3,098,787
Recognized to revenue	<u>(206,936)</u>	<u>(2,891,851)</u>
	\$ 4,339,591	\$ 206,936
Balance, end of the year	<u><u>\$ 4,339,591</u></u>	<u><u>\$ 206,936</u></u>

**12. Deferred Contributions, International Event Hosting**

Deferred contributions, International Event Hosting relate to ticket revenue for the 2021 World Junior Championship tournament and revenue related to the 2021 Women's World Championship tournament totalling \$12,352,975 and \$396,256 respectively. Subsequent to June 30, 2020, the 2021 World Junior Championship ticket revenue was deferred until the 2022 World Junior Championship as the 2021 Championship will not include a live audience.

	2020	2019
Balance, beginning of the year	\$ -	\$ -
Contributions received	<u>12,749,231</u>	<u>-</u>
	12,749,231	-
Recognized to revenue	<u>-</u>	<u>-</u>
	\$ 12,749,231	\$ -
Balance, end of the year	<u><u>\$ 12,749,231</u></u>	<u><u>\$ -</u></u>

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2020

---

### 13. Interfund Transfers

During the year, the Board of Directors authorized a transfer of \$2,349,244 (2019 - \$1,062,480) from National Equity Fund to the Pillars Funds.

During the year, the Board of Directors authorized a transfer of \$1,912,492 (2019 - \$3,225,688) from the Pillars Funds to the Operating Fund consisting of the following transfers:

POE Enhancement	\$ 600,000
Realized Tech Fund Reserves Transfer	462,876
National Womens Team Support	455,550
Member Engagement Support	<u>394,066</u>
	<u>\$ 1,912,492</u>

---

### 14. 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 \$4,945,523 received from the Government of Canada (2019 - \$4,147,137), \$250,000 from the Government of Nova Scotia, \$150,000 from the City of Edmonton (2019 - \$125,000), \$70,000 from Tourism Edmonton (2019 - \$125,000), \$250,000 from the City of Red Deer, and \$240,000 from the City of Halifax.

---

### 15. Non-Monetary Transactions

Marketing revenue includes value in kind of \$1,360,328 (2019 - \$1,848,277) including products and contributed services in exchange for sponsorship rights. International events hosting includes complimentary ticket sales of \$nil (2019 - \$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.

---

---

Hockey Canada



## Notes to the Financial Statements

June 30, 2020

---

### 16. 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 July 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:

2021	\$ 3,485,998
2022	2,581,052
2023	2,523,643
2024	7,934,645
2025	<u>2,399,645</u>
	<u>\$ 18,924,983</u>

---



Notes to the Financial Statements

June 30, 2020

---

**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 has increased as a result of COVID-19.

**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, portfolio investments 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.



Notes to the Financial Statements

June 30, 2020

---

**17. Financial Instrument Risks (continued)**

**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.

**Other Price Risk**

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets which has increased as a result of COVID-19. 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.

Apart from the specific comments above related to COVID-19, these risks have not changed from the prior year.

---

**18. Uncertainty Related to COVID-19**

Subsequent to year-end, the impact of COVID-19 on the Canadian economy increased significantly. The global pandemic has disrupted economic activities and increased restrictions on the total number of individuals able to participate and attend sporting events. Any potential cancellation or capacity restrictions of sporting events could lead to decreased ticket and sponsorship revenues. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. Hockey Canada's ability to continue to service obligations and expenses as they come due is dependent on the continued ability to generate revenues and cash flows.

---

Hockey Canada



**Schedule 1 - Activity for the Pillars Fund**

For the year ended June 30, 2020

	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	\$ 15,263,048	\$ 3,348,056	\$ 15,600,013	\$ 25,103,926	\$ 11,009,685	\$ 10,770,156	\$ 81,094,884
Excess of revenues over expenditures for the year	(2,062,912)	(21,465)	(718,106)	(451,764)	(1,073,259)	(375,479)	(4,702,985)
Inter-fund transfers (Note 13)	-	(9,788)	(154,504)	2,349,244	(1,285,324)	(462,876)	436,752
Fund balance, end of the year	\$ 13,200,136	\$ 3,316,803	\$ 14,727,403	\$ 27,001,406	\$ 8,651,102	\$ 9,931,801	\$ 76,828,651

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

Hockey Canada



**Schedule of Sport Canada Funded Revenue and Expenses  
(Unaudited)**

<u>For the year ended June 30</u>		<u>2020</u>
<b>Mainstream Athletes</b>		
Revenue		<u>\$ 993,866</u>
Expenses		
Core		
Administration costs		2,611,320
Governance		349,861
Staff salaries		10,335,973
Coaching salaries and professional development		508,244
National team programs		6,023,831
Operations and programming		8,354,830
		<u>28,184,059</u>
Non-core		
Official languages		<u>238,417</u>
		<u>28,422,476</u>
<b>Deficiency of revenue over expenses for mainstream athletes</b>		<b><u>\$ (27,428,610)</u></b>
<b>Athletes with a Disability</b>		
Revenue		<u>\$ 931,374</u>
Expenses		
Core		
Administration costs		137,438
Governance		18,414
Staff salaries		146,580
Coaching salaries and professional development		138,693
National team programs		737,037
Operations and programming		(460)
		<u>1,177,702</u>
Non-core		
Official languages		<u>12,548</u>
		<u>1,190,250</u>
<b>Deficiency of revenue over expenses for athletes with a disability</b>		<b><u>\$ (258,876)</u></b>

**Hockey Canada**  
**Financial Statements**  
For the year ended June 30, 2021

---

**Contents**

Independent Auditor's Report	2 - 3
Financial Statements	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 20
Schedule 1 - Activity for the Pillars Fund	21
Schedule of Sport Canada Funded Revenue and Expenses	22

000206

24(1)

Canada LLP  
Bauer Buildings  
Caroline St S Suite 201  
Kerloo ON N2L 0A5 Canada

---

## Independent Auditor's Report

---

### 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, 2021, 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, 2021, 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.

000207

2

24(1)

June 30					2021	2020
	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	Total	Total
<b>Assets</b>						
<b>Current</b>						
Cash (Note 2)	\$ 4,831,498	\$ 135,709	\$ 858,518	\$ 19,170,447	\$ 24,996,172	\$ 20,175,086
Short-term investments	-	-	-	-	-	4,800,000
Accounts receivable (Note 3)	3,096,759	184,459	172,773	261,198	3,715,189	3,968,471
Receivable from (payable to) funds (Note 4)	2,693,219	(407)	(830,355)	(1,862,457)	-	-
Hockey Resource Centre inventories (Note 5)	1,231,081	-	-	-	1,231,081	1,000,355
Prepaid expenses	694,445	-	7,135	1,619,363	2,320,943	353,164
Due from related parties (Note 6)	172,662	-	-	-	172,662	711,299
	12,719,664	319,761	208,071	19,188,551	32,436,047	31,008,375
Long-term investments (Note 7)	22,763,311	6,247,294	8,718,765	80,783,583	118,512,953	100,464,251
Tangible capital assets (Note 8)	1,459,924	-	-	921,559	2,381,483	1,601,188
	\$ 36,942,899	\$ 6,567,055	\$ 8,926,836	\$ 100,893,693	\$ 153,330,483	\$ 133,073,814
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Accounts payable and accrued liabilities (Note 9)	\$ 10,774,076	\$ 631,058	\$ 63,489	\$ 3,712,713	\$ 15,181,336	\$ 5,620,029
Deferred contributions, operations (Note 10)	2,386,396	-	-	-	2,386,396	4,339,591
Deferred revenue, international event hosting (Note 11)	-	-	-	12,623,106	12,623,106	12,749,231
	13,160,472	631,058	63,489	16,335,819	30,190,838	22,708,851
Other liabilities and provisions	-	-	4,018,714	-	4,018,714	4,470,078
	13,160,472	631,058	4,082,203	16,335,819	34,209,552	27,178,929
<b>Fund balances</b>						
Internally restricted	1,459,924	5,935,997	4,844,633	84,557,874	96,798,428	94,332,193
Unrestricted	22,322,503	-	-	-	22,322,503	11,562,692
	23,782,427	5,935,997	4,844,633	84,557,874	119,120,931	105,894,885
	\$ 36,942,899	\$ 6,567,055	\$ 8,926,836	\$ 100,893,693	\$ 153,330,483	\$ 133,073,814

On behalf of the Board:

19(1) and 24(1)

On behalf of Management:

---

Hockey Canada



**Statement of Changes in Fund Balances**

<u>For the year ended June 30</u>					<u>2021</u>	<u>2020</u>
	<u>Operating Fund</u>	<u>Health Benefit Trust</u>	<u>National Equity Fund</u>	<u>Pillars (Schedule 1)</u>	<u>Total</u>	<u>Total</u>
Fund balances, beginning of the year	\$ 15,076,800	\$ 6,364,108	\$ 7,625,326	\$ 76,828,651	\$ 105,894,885	\$ 109,050,984
Excess (deficiency) of revenue over expenditures for the year	6,447,231	(428,111)	(1,281,905)	8,488,831	13,226,046	(3,156,099)
Interfund transfers (Note 12)	21,524,031	5,935,997	6,343,421	85,317,482	119,120,931	105,894,885
Fund balances, end of the year	\$ 23,782,427	\$ 5,935,997	\$ 4,844,633	\$ 84,557,874	\$ 119,120,931	\$ 105,894,885

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



Statement of Operations

For the year ended June 30

	Operating Fund	Health Benefit Trust	National Equity Fund	Pillars	2021 Total	2020 Total
<b>Revenue</b>						
Funding (Notes 6 and 13)	\$ 6,470,341	\$ -	\$ -	\$ -	\$ 6,470,341	\$ 6,990,416
Marketing (Note 14)	20,138,668	-	-	-	20,138,668	19,512,956
Development (Note 6)	-	-	-	-	-	96,490
National events and camps (Note 13)	1,417,732	-	-	-	1,417,732	800,465
National teams (Note 6)	2,000,861	-	-	-	2,000,861	554,286
International event hosting (Note 13 and 14)	-	-	-	17,088,438	17,088,438	1,934,431
Investment and interest income	711,102	353,259	492,683	4,112,087	5,669,131	12,265,888
Administration	349,395	-	-	-	349,395	246,774
Member services	1,001,797	-	-	-	1,001,797	2,997,948
Member engagement	1,580,067	-	-	-	1,580,067	3,688,682
Insurance premiums	-	2,289,928	3,896,421	-	6,186,349	15,197,092
	<b>33,669,963</b>	<b>2,643,187</b>	<b>4,389,104</b>	<b>21,200,525</b>	<b>61,902,779</b>	<b>64,285,428</b>
<b>Expenditures</b>						
Funding	109,727	-	-	-	109,727	522,001
Marketing	1,590,097	-	-	-	1,590,097	2,113,380
Development (Note 6)	-	-	-	-	-	205,208
National events and camps	1,424,726	-	-	-	1,424,726	2,073,821
National teams (Note 6)	6,816,946	-	-	-	6,816,946	8,934,170
International event hosting	-	-	-	17,460,580	17,460,580	2,950,562
Administration	16,851,182	751,973	1,098,173	3,634,256	22,335,584	22,127,016
Member services	3,026,768	-	-	-	3,026,768	2,976,835
Member engagement	1,394,493	-	-	-	1,394,493	3,409,463
Insurance premiums	-	2,573,057	5,825,957	-	8,399,014	9,634,886
Insurance claims (recovery)	-	488,416	(175,746)	-	312,670	1,385,148
	<b>31,213,939</b>	<b>3,813,446</b>	<b>6,748,384</b>	<b>21,094,836</b>	<b>62,870,605</b>	<b>56,332,490</b>
<b>Excess (deficiency) of revenue over expenditures for the year before other items</b>	<b>2,456,024</b>	<b>(1,170,259)</b>	<b>(2,359,280)</b>	<b>105,689</b>	<b>(967,826)</b>	<b>7,952,938</b>
<b>Other items</b>						
Unrealized gain (loss) on market value of investments	1,342,818	742,148	1,077,375	8,383,142	11,545,483	(11,869,258)
Government assistance (Note 15)	2,648,389	-	-	-	2,648,389	760,221
	<b>3,991,207</b>	<b>742,148</b>	<b>1,077,375</b>	<b>8,383,142</b>	<b>14,193,872</b>	<b>(11,109,037)</b>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ 6,447,231</b>	<b>\$ (428,111)</b>	<b>\$ (1,281,905)</b>	<b>\$ 8,488,831</b>	<b>\$ 13,226,046</b>	<b>\$ (3,156,099)</b>

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

## Hockey Canada



## Statement of Cash Flows

For the year ended June 30	2021	2020
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	\$ 13,226,046	\$ (3,156,099)
Items not involving cash		
Amortization of tangible capital assets	383,935	500,545
Unrealized (loss) on market value of investments	(11,545,483)	11,869,258
	<u>2,064,498</u>	<u>9,213,704</u>
Changes in non-cash working capital balances		
Accounts receivable	253,282	(192,453)
Hockey Resource Centre inventories	(230,726)	24,910
Prepaid expenses	(1,967,779)	50,157
Accounts payable and accrued liabilities	9,561,307	(1,476,514)
Deferred contributions, operations	(1,953,195)	4,132,655
Deferred revenue, international event hosting	(126,125)	12,749,231
Other liabilities and provisions	(451,364)	(166,191)
	<u>5,085,400</u>	<u>15,121,795</u>
	<u>7,149,898</u>	<u>24,335,499</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible capital assets	(1,164,229)	(192,011)
Purchase of long-term investments	(6,503,219)	(23,680,175)
Proceeds on disposal of short-term investments	4,800,000	9,844,563
Advances from (repayments to) related parties	538,637	(826,776)
	<u>(2,328,811)</u>	<u>(14,854,399)</u>
<b>Increase in cash during the year</b>	<b>4,821,087</b>	<b>9,481,100</b>
<b>Cash, beginning of the year</b>	<b>20,175,086</b>	<b>10,693,986</b>
<b>Cash, end of the year</b>	<b>\$ 24,996,173</b>	<b>\$ 20,175,086</b>

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



**Notes to the Financial Statements**

June 30, 2021

---

**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, 2021

---

**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, 2021

### 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  
Leasehold improvements

- 3 year straight line basis  
- 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

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, 2021

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

#### Revenue Recognition (continued)

National teams, 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 and services 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, 2021

---

**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.

---



**Notes to the Financial Statements**

June 30, 2021

---

**2. Cash**

The organization's bank accounts are held at two chartered banks. **24(1)** bank accounts earn interest at the lower of the Bank of Canada Overnight Target rate or 0.400% per annum. The Overnight Target rate at June 30, 2021 was 0.25% (2020 - 0.25%). **24(1)** bank accounts earn interest at a nominal rate of prime less 1.90% per annum. The prime rate at June 30, 2021 was 2.45% (2020 - 2.45%). Bank balances include \$235,042 (2020 - \$1,014,128) denominated in U.S. dollars converted to \$390,512 (2020 - \$1,385,780) Canadian. Cash and money market funds totaling \$1,846,997 (2020 - \$3,412,596) are held in an investment portfolio that is grouped with the organizations bank balance.

The organization has a \$13,200,000 overdraft demand facility with **24(1)** at a rate of bank prime and it is secured by a general security agreement. This overdraft demand facility has been extended until March 31, 2022, when it will revert to \$3,200,000. This overdraft demand facility is subject to limitations based on the value of investments held with **24(1)**. At June 30, 2021, the organization had undrawn credit capacity of \$13,200,000. The organization has an available credit card limit of \$3,200,000 with **24(1)**. At June 30, 2021, the organization had undrawn credit card capacity of \$2,995,000. The organization has an available credit card limit of \$890,000 with **24(1)**. At June 30, 2021, the organization had undrawn credit card capacity of \$890,000 (2020 - \$890,000).

---

**3. Accounts Receivable**

Accounts receivable includes \$62,228 (2020 - \$51,895) due from third parties denominated in Swiss Francs converted to \$83,539 (2020 - \$74,476) Canadian dollars and \$230,231 (2020 - \$14,984) due from third parties denominated in U.S. dollars converted to \$303,059 (2020 - \$19,469) Canadian dollars.

---

**4. Receivable From Funds / Payable to Funds**

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

---

**5. Hockey Resource Centre Inventories**

Total Hockey Resource Centre inventory expensed during the year was \$769,358 (2020 - \$752,413).

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2021

---

### 6. 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:

	2021	2020
Donations given Hockey Canada Foundation	<u>\$ 602,211</u>	<u>\$ 398,449</u>

	2021	2020
Grants received Hockey Canada Foundation	<u>\$ 271,064</u>	<u>\$ 1,068,047</u>

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

	2021	2020
Amounts due from (to) related parties are as follows:		
Hockey Canada Foundation	<u>\$ 83,347</u>	<u>\$ 715,321</u>
Hockey Canada Foundation U.S.	<u>\$ 89,315</u>	<u>(4,022)</u>
	<u>\$ 172,662</u>	<u>\$ 711,299</u>

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

---

---

Hockey Canada



Notes to the Financial Statements

June 30, 2021

---

7. Long-term Investments

	2021	2020
Bond funds	\$ 41,546,055	\$ 44,596,841
Equities	76,966,897	55,867,410
Market value	<u>\$118,512,952</u>	<u>\$ 100,464,251</u>

Long-term investments had an average rate of return of 7.41% (2020 - 5.77%).

---

8. Tangible Capital Assets

	2021			2020
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 3,535,645	\$ 3,531,585	\$ 3,535,645	\$ 3,425,823
Leasehold improvements	1,982,309	731,845	1,979,923	637,674
Office equipment	1,481,738	1,455,649	1,481,738	1,446,953
Software	1,390,711	289,841	228,868	114,536
Training/medical equipment	563,687	563,687	563,687	563,687
	<u>\$ 8,954,090</u>	<u>\$ 6,572,607</u>	<u>\$ 7,789,861</u>	<u>\$ 6,188,673</u>
Net book value		<u>\$ 2,381,483</u>		<u>\$ 1,601,188</u>

During the year, the organization recognized amortization expense in the amount of \$383,935 (2020 - \$500,545).

---

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$950,264 (2020 - \$409,020) denominated in U.S. dollars converted to \$1,177,947 (2020 - \$555,163) Canadian dollars.

---

---

## Hockey Canada



## Notes to the Financial Statements

June 30, 2021

---

### 10. 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:

	2021	2020
Balance, beginning of the year	\$ 4,339,591	\$ 206,936
Contributions received	<u>1,146,040</u>	<u>4,339,591</u>
Recognized as revenue	<u>5,485,631</u>	<u>4,546,527</u>
	<u>(3,099,235)</u>	<u>(206,936)</u>
Balance, end of the year	<u><b>\$ 2,386,396</b></u>	<u><b>\$ 4,339,591</b></u>

---

### 11. Deferred Contributions, International Event Hosting

Deferred contributions, International Event Hosting relate to ticket revenue for the 2021 World Junior Championship tournament and revenue related to the 2021 Women's World Championship tournament totalling \$12,352,975 and \$396,256 respectively. Subsequent to June 30, 2020, the 2021 World Junior Championship ticket revenue was deferred until the 2022 World Junior Championship as the 2021 Championship did not include a live audience.

	2021	2020
Balance, beginning of the year	\$12,749,231	\$ -
Contributions received	<u>1,250,000</u>	<u>12,749,231</u>
Ticket refunds issued	<u>13,999,231</u>	<u>12,749,231</u>
	<u>(1,376,125)</u>	<u>-</u>
Balance, end of the year	<u><b>\$12,623,106</b></u>	<u><b>\$ 12,749,231</b></u>

---



Notes to the Financial Statements

June 30, 2021

---

**12. Interfund Transfers**

During the year, the Board of Directors authorized a transfer of \$1,498,788 (2020 - \$2,349,244) from National Equity Fund to the Pillars Funds.

During the year, the Board of Directors authorized a transfer of \$2,258,396 (2020 - \$1,912,492) from the Pillars Funds to the Operating Fund consisting of the following transfers:

POE Enhancement	\$ 600,000
Realized Tech Fund Reserves Transfer	1,166,524
National Womens Team Support	124,941
Member Engagement Support	<u>366,931</u>
	<u>\$ 2,258,396</u>

---

**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 \$5,653,641 received from the Government of Canada (2020 - \$4,945,520), \$150,000 from the Government of Nova Scotia (2020 - \$250,000), \$225,000 from the City of Edmonton (2020 - \$150,000), \$305,000 from Edmonton Economic Development Corporation (2020 - \$70,000), and \$500,000 from Tourism Calgary.

---

**14. Non-Monetary Transactions**

Marketing revenue includes value in kind of \$1,177,101 (2020 - \$1,360,328) including products and contributed services in exchange for sponsorship rights. These transactions have been measured at the fair value of the contributed products and services.

---

---

Hockey Canada



## Notes to the Financial Statements

June 30, 2021

### 15. Government Assistance

Due to the impact of the ongoing COVID-19 pandemic, the Government of Canada implemented a number of temporary financial aid programs to assist organizations during this period.

The organization received government assistance from the Canadian Emergency Rent Subsidy (CERS). Total assistance received was \$197,418 (2020 - \$Nil).

The organization received government assistance from the Canadian Emergency Wage Subsidy (CEWS). Total assistance received was \$2,450,971 (2020 - \$760,221).

---

### 16. Commitments

The organization has entered into a contract with the IIHF committing to event hosting fees. The contract expires during the 2031/2032 season.

The organization has entered into a software licensing agreement, office equipment agreement and an IT management and support services agreement. The contracts expire 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:

2022	\$ 9,603,222
2023	4,019,923
2024	3,830,095
2025	9,365,095
2026	<u>2,399,645</u>
	<u>\$ 29,217,980</u>

---



## Notes to the Financial Statements

June 30, 2021

---

### 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 has increased as a result of COVID-19.

#### 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, portfolio investments 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.



Notes to the Financial Statements

June 30, 2021

---

**17. Financial Instrument Risks (continued)**

**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.

**Other Price Risk**

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets which has increased as a result of COVID-19. 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.

Apart from the specific comments above related to COVID-19, these risks have not changed from the prior year.

---

**18. Uncertainty Related to COVID-19**

The global pandemic has disrupted economic activities and increased restrictions on the total number of individuals able to participate and attend sporting events. Any potential cancellation or capacity restrictions of sporting events could lead to decreased ticket and sponsorship revenues. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.

---

**19. Comparative Amounts**

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

---

Hockey Canada



**Schedule 1 - Activity for the Pillars Fund**

For the year ended June 30, 2020

	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	\$ 13,200,136	\$ 3,316,803	\$ 14,727,403	\$ 27,001,406	\$ 8,651,102	\$ 9,931,801	\$ 76,828,651
Excess (deficiency) of revenues over expenditures for the year	2,001,525	525,182	915,449	4,390,324	(700,389)	1,356,740	8,488,831
Inter-fund transfers (Note 12)	-	(9,787)	(357,144)	1,498,788	(724,941)	(1,166,524)	(759,608)
Fund balance, end of the year	\$ 15,201,661	\$ 3,832,198	\$ 15,285,708	\$ 32,890,518	\$ 7,225,772	\$ 10,122,017	\$ 84,557,874

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

Hockey Canada



**Schedule of Sport Canada Funded Revenue and Expenses  
(Unaudited)**

For the year ended June 30 2021

**Mainstream Athletes**

<b>Revenue</b>	<b>\$ 2,959,950</b>
<b>Expenses</b>	
<b>Core</b>	
Administration costs	3,659,654
Governance	94,216
Staff salaries	11,169,458
Coaching salaries and professional development	908,710
National team programs	5,268,184
Operations and programming	1,788,854
	<u>22,889,076</u>
<b>Non-core</b>	
Long term athlete development	421,706
Official languages	246,063
	<u>23,556,845</u>
<b>Deficiency of revenue over expenses for mainstream athletes</b>	<b>\$ (20,596,895)</b>

**Athletes with a Disability**

<b>Revenue</b>	<b>\$ 1,200,150</b>
<b>Expenses</b>	
<b>Core</b>	
Administration costs	192,613
Governance	4,959
Staff salaries	173,392
Coaching salaries and professional development	162,014
National team programs	475,711
Operations and programming	89,443
	<u>1,098,132</u>
<b>Non-core</b>	
Long term athlete development	141,288
Official languages	12,951
	<u>1,252,371</u>
<b>Deficiency of revenue over expenses for athletes with a disability</b>	<b>\$ (52,221)</b>