

Financial Statements of

**SASKATCHEWAN HOCKEY
ASSOCIATION**

Year ended April 30, 2018

SASKATCHEWAN HOCKEY ASSOCIATION

Index to Financial Statements

April 30, 2018

	Page No.
Independent Auditors' Report to the Members	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-11
Schedule 1 – Sask Lotteries Trust Fund for Sport, Culture & Recreation – Categorical Grants	12
Schedule 2 – Self-Help Revenue	13
Schedule 3 – Administration Expenses	14
Schedule 4 – Development Program Revenue and Expenses	15
Schedule 5 – Capacity and Interaction Expenses	16



KPMG LLP
Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada
Telephone (306) 791-1200
Fax (306) 757-4703

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of Saskatchewan Hockey Association, which comprise the statement of financial position as at April 30, 2018, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Saskatchewan Hockey Association derives revenue from registrations, clinics and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Saskatchewan Hockey Association.



Page 2

Therefore, we were not able to determine whether, as at and for the years ended April 30, 2018 and April 30, 2017, any adjustments might be necessary to registrations, clinic and donation revenues and excess of revenues over expenses reported in the statements of operations and changes in net assets, excess of revenues over expenses reported in the statement of cash flows and current assets and net assets reported in the statement of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended April 30, 2017.

Qualified Opinion

In our opinion, except for the possible 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 Saskatchewan Hockey Association as at April 30, 2018, 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.

KPMG LLP

Chartered Professional Accountants

June 8, 2018
Regina, Canada

SASKATCHEWAN HOCKEY ASSOCIATION

Statement of Financial Position

April 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 985,570	\$ 756,006
Accounts receivable	267,461	193,350
Inventories	252,647	182,638
Prepaid expenses	6,752	6,322
	<u>1,512,430</u>	<u>1,138,316</u>
Investments (note 3)	1,551,237	1,555,333
Property, plant and equipment (note 4)	294,117	387,720
	<u>\$ 3,357,784</u>	<u>\$ 3,081,369</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 209,994	\$ 223,249
Deferred revenue	11,444	70,245
	<u>221,438</u>	<u>293,494</u>
Net assets:		
Invested in property, plant and equipment	294,117	387,720
Internally restricted (note 5)	876,567	862,613
Unrestricted	1,965,662	1,537,542
	<u>3,136,346</u>	<u>2,787,875</u>
Contingencies (note 6)		
	<u>\$ 3,357,784</u>	<u>\$ 3,081,369</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

SASKATCHEWAN HOCKEY ASSOCIATION

Statement of Operations

Year ended April 30, 2018, with comparative information for 2017

	Operating Program	Development Program (Schedule 4)	Total 2018	Total 2018 Budget (unaudited)	Total 2017
Revenue:					
Sask Lotteries Trust Fund for Sport, Culture & Recreation	\$ 181,200	\$ 219,900	\$ 401,100	\$ 401,100	\$ 389,400
Sask Lotteries Trust Fund for Sport, Culture & Recreation - Categorical Grants (Schedule 1)	367,400	-	367,400	367,400	354,550
National Sports Division Body	283,324	-	283,324	230,000	173,061
Self-Help (Schedule 2)	1,535,377	557,099	2,092,476	2,109,135	2,001,889
Other (Schedule 4)	326,542	958,858	1,285,400	1,552,707	1,591,271
	2,693,843	1,735,857	4,429,700	4,660,342	4,510,171
Expenses:					
Sask Lotteries Trust Fund for Sport, Culture & Recreation - Categorical Grants (Schedule 1)	367,400	-	367,400	367,400	354,550
Administration (Schedule 3)	845,987	-	845,987	847,825	822,463
Amortization	53,181	-	53,181	70,400	72,466
Capacity / interaction (Schedule 5)	269,040	-	269,040	322,606	268,544
Participation (Schedule 4)	-	1,044,274	1,044,274	1,144,817	952,427
Excellence (Schedule 4)	-	691,583	691,583	995,638	1,019,420
Hockey Canada Insurance	714,730	-	714,730	726,500	687,499
Sask Hockey Hall of Fame	1,051	-	1,051	4,000	9,373
Other	124,236	-	124,236	136,400	131,044
	2,375,625	1,735,857	4,111,482	4,615,586	4,317,786
Excess of revenue over expenses before the undernoted	\$ 318,218	\$ -	318,218	44,756	192,385
Internally restricted excess of revenue over expenses (note 5)			13,954	-	4,789
Gain on disposal of property, plant and equipment			16,299	-	-
Excess of revenue over expenses			\$ 348,471	\$ 44,756	\$ 197,174

See accompanying notes to financial statements.

SASKATCHEWAN HOCKEY ASSOCIATION

Statement of Changes in Net Assets

Year ended April 30, 2018, with comparative information for 2017

April 30, 2018		Invested in property, plant and equipment		Internal restrictions (note 5)	Unrestricted	2018 Total
Balance, beginning of year	\$	387,720	\$	862,613	\$ 1,537,542	\$ 2,787,875
Excess (deficiency) of revenue over expenses		(53,181)		13,954	387,698	348,471
Net change in investment in property, plant and equipment		(40,422)		-	40,422	-
Balance, end of year	\$	294,117	\$	876,567	\$ 1,965,662	\$ 3,136,346

April 30, 2017		Invested in property, plant and equipment		Internal restrictions (note 5)	Unrestricted	2017 Total
Balance, beginning of year	\$	353,527	\$	857,824	\$ 1,379,350	\$ 2,590,701
Excess (deficiency) of revenue over expenses		(72,466)		4,789	264,851	197,174
Net change in investment in property, plant and equipment		106,659		-	(106,659)	-
Balance, end of year	\$	387,720	\$	862,613	\$ 1,537,542	\$ 2,787,875

See accompanying notes to financial statements.

SASKATCHEWAN HOCKEY ASSOCIATION

Statement of Cash Flows

Year ended April 30, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 348,471	\$ 197,174
Items not involving cash:		
Amortization	53,181	72,466
Gain on disposal of property, plant and equipment	(16,299)	-
Change in non-cash operating working capital:		
Accounts receivable	(74,111)	(83,499)
Inventories	(70,009)	1,397
Prepaid expenses	(430)	9,343
Accounts payable and accrued liabilities	(13,255)	6,431
Deferred revenue	(58,801)	39,076
	168,747	242,388
Investing:		
Purchase of property, plant and equipment	(43,279)	(106,659)
Proceeds on disposal of property, plant and equipment	100,000	-
Decrease (increase) in investments	4,096	(45,007)
	60,817	(151,666)
Increase in cash	229,564	90,722
Cash, beginning of year	756,006	665,284
Cash, end of year	\$ 985,570	\$ 756,006

See accompanying notes to financial statements.

SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements

Year ended April 30, 2018

1. Nature of operations:

Saskatchewan Hockey Association, ("the Association") is a provincial sports governing body that administers the operations of hockey in Saskatchewan. Its primary objectives are to foster and promote hockey and to promote, supervise and administer all competitions for hockey in Saskatchewan.

2. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("NPO"). The Association's significant accounting policies are as follows:

(a) Revenue recognition:

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collections is reasonable assured.

Registration revenue is recognized over the membership period.

(b) Financial assets and liabilities:

Financial instruments are recorded at fair value on initial recognition. Subsequently they are recorded at cost or amortized cost, unless management has elected to carry the investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2018

2. Significant accounting policies (continued):

(c) Inventory:

Inventory is valued at the lower of cost and net realizable value.

(d) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the following methods and rates:

Asset	Basis	Rate
Building	Straight line	5%
Equipment	Declining balance	10%
Vehicles	Straight line	20%
Software	Straight line	100%

(e) Income taxes:

The Saskatchewan Hockey Association is continued under *The Non-Profit Corporations Act of Saskatchewan*. Under present legislation, no income taxes are payable on reported income of such organizations.

(f) Use of estimates:

The preparation of the financial statements in conformity with NPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the recoverability of accounts receivable and the estimated useful lives of property, plant and equipment. Actual results could differ from these estimates.

SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2018

3. Investments:

	2018	2017
Cash and cash equivalents	\$ 10,316	\$ -
Fixed income bond fund	129,615	-
Mutual funds	68,829	-
Equities	490,802	-
CIBC Canadian bond index fund	-	720,589
Sask Sport Inc. - Legacy Fund, interest at 5.00% per annum	160,851	152,788
Sask Sport Inc. - Referee Scholarship Fund, interest at 5.00% per annum	43,692	44,443
Sask Sport Inc. - Saskatchewan Development Model Scholarship Fund, interest at 5.00% per annum	255,749	259,834
Sask Sport Inc. SHA Scholarship Fund, interest at 5.00% per annum	391,383	377,679
	\$ 1,551,237	\$ 1,555,333

4. Property, plant and equipment:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
Building	653,432	439,110	214,322	216,473
Equipment	255,462	241,692	13,770	2,541
Vehicles	39,906	23,881	16,025	24,006
Digital sign	-	-	-	94,700
	\$ 998,800	\$ 704,683	\$ 294,117	\$ 387,720

SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2018

5. Internally restricted net assets:

	Legacy	Sask Develop Scholarship	SHA Scholarship	Referee Scholarship	Referee	Building	2018 Total	2017 Total
Balance, beginning of year	\$ 152,789	\$ 215,834	\$ 376,680	\$ 44,925	\$ 56,527	\$ 15,858	\$ 862,613	\$ 857,824
Interest and donation revenue	8,062	12,916	23,704	2,996	-	276	47,954	42,789
Scholarships	-	(21,000)	(10,000)	(3,000)	-	-	(34,000)	(38,000)
	8,062	(8,084)	13,704	(4)	-	276	13,954	4,789
	\$ 160,851	\$ 207,750	\$ 390,384	\$ 44,921	\$ 56,527	\$ 16,134	\$ 876,567	\$ 862,613

SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2018

5. Internally restricted net assets (continued):

The Association's Board of Directors internally restricted the following amounts from unrestricted net assets. The amounts are not available for other purposes without the approval of the Board of Directors.

SHA Scholarship Fund:

The purpose of the fund is to pay scholarships to registered eligible members on an annual basis. The balance may only be reduced by the approval of at least two-thirds of the membership of the Association at an annual general meeting.

Referee:

This amount provides a source of funding for future Referee programming.

Building:

This amount provides a source of funding for building renovations.

Legacy Fund:

The Association has established a Legacy Fund which is being administered by Sask Sport Inc.. Donations can be made to Sask Sport Inc. for which the donor receives a charitable receipt. The intention of the Legacy Fund is to generate interest to support grass roots development programs.

Saskatchewan Development Model Scholarship Fund:

The Association has established a Saskatchewan Development Model Scholarship Fund. The monies will be used to fund up to twenty-four \$1,000 scholarships to eligible members on an annual basis.

Referee Scholarship Fund:

The amount provides a source of funding for scholarships for eligible referees.

SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2018

6. Contingencies:

The Association is contingently liable with respect to a portion of the claims against the Hockey Canada National Insurance Equity Fund in excess of premiums paid to the Fund by the member Associations. Should any loss to the Association result from the resolution of the claims, it will be accounted for in the year of settlement.

7. Risk management:

Exposure to market risk, credit risk, and liquidity risk arise in the normal course of the Association's business.

(a) Market risk:

Market risk is the risk of loss that results from fluctuations in equity prices, interest, and exchange rates. The Association is exposed to market risk from its investing activities. The level of risk to which the Association is exposed varies depending on market conditions and the composition of the asset-mix.

(i) Price risk:

The Association manages price risk primarily through diversifying the investments across industry sectors and through investment strategies. As at April 30, 2018, the Association had an unrealized loss of \$19,237 (2017 – unrealized gain of \$68,590) on its investments.

(ii) Currency risk:

Currency risk arises from the Association's holdings of foreign currency-denominated investments.

(b) Liquidity risk

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2017.

(c) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable and investments. The maximum exposure is the carrying amount of these financial assets on the statement of financial position. The Association assesses, on a continuous basis, accounts receivable and expenses any amounts that are not collectible. There has been no change to the risk exposure from 2017.

SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2018

8. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

SASKATCHEWAN HOCKEY ASSOCIATION

Schedule 1 - Sask Lotteries Trust Fund for Sport, Culture & Recreation - Categorical Grants

Year ended April 30, 2018, with comparative information for 2017

	2018	2018 Budget (unaudited)	2017
Revenue:			
Membership Assistance Program	\$ 219,900	\$ 219,900	\$ 213,300
University Athletic Assistance Program	69,000	69,000	68,250
Student Athlete Awards Program	46,000	46,000	45,000
Hosting	7,500	7,500	3,000
Aboriginal Sport Enhancement Program	25,000	25,000	25,000
	<u>367,400</u>	<u>367,400</u>	<u>354,550</u>
Expenses:			
Membership Assistance Program	219,900	219,900	213,300
University Athletic Assistance Program	69,000	69,000	68,250
Student Athlete Awards Program	46,000	46,000	45,000
Hosting	7,500	7,500	3,000
Aboriginal Sport Enhancement Program	25,000	25,000	25,000
	<u>367,400</u>	<u>367,400</u>	<u>354,550</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

SASKATCHEWAN HOCKEY ASSOCIATION

Schedule 2 - Self-Help Revenue

Year ended April 30, 2018, with comparative information for 2017

	2018	2018 Budget (unaudited)	2017
Registration fees and insurance:			
Senior	\$ 239,930	\$ 240,390	\$ 223,186
Adult rec	30,774	29,550	34,052
Female	136,005	136,335	124,955
Junior	102,859	101,380	95,760
Minor	1,379,200	1,417,025	1,333,705
Officiating	158,708	149,355	158,555
	<u>2,047,476</u>	<u>2,074,035</u>	<u>1,970,213</u>
Tournament sanctions	19,975	18,000	18,075
Transfers	23,100	16,000	12,488
Other	1,925	1,100	1,113
	<u>\$ 2,092,476</u>	<u>\$ 2,109,135</u>	<u>\$ 2,001,889</u>

See accompanying notes to financial statements.

SASKATCHEWAN HOCKEY ASSOCIATION

Schedule 3 - Administration Expenses

Year ended April 30, 2018, with comparative information for 2017

	2018	2018 Budget (unaudited)	2017
Audit and accounting	\$ 27,685	\$ 31,000	\$ 31,870
Bank and credit card charges	52,660	44,030	43,824
Computer programming and hosting	47,803	45,000	41,075
Fidelity bond and insurance	9,865	9,300	9,199
Legal	1,948	5,000	21,694
Divisional expenses	23,601	20,500	12,461
Occupancy costs	74,328	64,000	61,907
Office allowance	46,550	47,650	47,048
Office supplies and printing	15,974	19,000	19,388
Postage and express	25,474	38,000	31,743
Salaries and benefits	504,993	509,345	488,080
Telephone	15,106	15,000	14,174
	<u>\$ 845,987</u>	<u>\$ 847,825</u>	<u>\$ 822,463</u>

See accompanying notes to financial statements.

SASKATCHEWAN HOCKEY ASSOCIATION

Schedule 4 - Development Program Revenue and Expenses

Year ended April 30, 2018, with comparative information for 2017

	2018	2018 Budget (unaudited)	2017
Revenue:			
Saskatchewan Lotteries Trust Fund for Sport, Culture & Recreation	\$ 219,900	\$ 219,900	\$ 213,300
Self-Help	557,099	837,448	588,907
Other:			
Excellence	350,025	461,800	483,535
Coaching clinics	99,850	91,000	91,708
Initiation program clinics	94,900	94,900	98,300
Other	42,474	57,368	42,943
Officials programs	220,710	243,439	199,071
Coaching mentorship	60,000	60,000	50,000
National Women's Under 18	-	-	140,147
Skills/Goaltending programs	90,899	74,600	63,936
Subtotal	958,858	1,083,107	1,169,640
	1,735,857	2,140,455	1,971,847
Expenses:			
Participation:			
Coaching development	279,561	319,520	269,137
Coaching mentorship	73,474	125,000	72,178
Competitions	25,734	24,000	23,442
Hockey Safety Trainers/Risk Management	13,335	14,000	13,054
Initiation program	209,529	195,250	153,784
Officials development	327,726	368,870	342,472
Target group initiatives	3,814	3,500	3,500
Female Jamboree	27,140	14,822	10,498
MHA Evaluations	28,714	31,145	22,634
Skills/Goaltending programs	55,247	48,710	41,728
	1,044,274	1,144,817	952,427
Excellence:			
Athlete assistance	5,000	5,000	5,000
Coaching development	233,535	288,488	236,496
Competition	44,211	44,900	40,952
Sport science	-	1,000	554
Talent identification	274,615	472,807	442,296
Trainer's development	19,646	37,092	22,122
Training athletes	48,896	52,486	47,137
National Women's Under 18	-	-	131,330
Official development	65,680	93,865	93,533
	691,583	995,638	1,019,420
	1,735,857	2,140,455	1,971,847
	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

SASKATCHEWAN HOCKEY ASSOCIATION

Schedule 5 - Capacity / Interaction Expenses

Year ended April 30, 2018, with comparative information for 2017

	2018	2018 Budget (unaudited)	2017
Marketing	\$ 87,228	\$ 119,182	\$ 116,529
Board and committee meetings	137,315	158,424	116,316
Handbooks and manuals	14,122	17,000	15,394
Website	7,110	10,000	7,347
Volunteer and staff development	6,961	5,000	4,832
Zone executive meetings	6,317	5,000	4,561
Volunteer and staff recognition	6,987	4,000	2,065
Team travel subsidies	3,000	4,000	1,500
	\$ 269,040	\$ 322,606	\$ 268,544

See accompanying notes to financial statements.