

Financial Statements of

**SASKATCHEWAN HOCKEY  
ASSOCIATION**

Year ended April 30, 2016

# SASKATCHEWAN HOCKEY ASSOCIATION

Index to Financial Statements

April 30, 2016

---

	<b>Page No.</b>
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 .....	5-10
Schedule 1 – Sask Lotteries Trust Fund for Sport, Culture & Recreation – Categorical Grants .....	11
Schedule 2 – Self-Help Revenue .....	12
Schedule 3 – Administration Expenses .....	13
Schedule 4 – Development Program Revenue and Expenses .....	14



**KPMG LLP**  
Hill Centre Tower II  
1881 Scarth Street, 20th Floor  
Regina Saskatchewan S4P 4K9  
Canada

Telephone (306) 791-1200  
Fax (306) 757-4703  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **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, 2016, 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 of 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 April 30, 2016 and for the years ended April 30, 2016 and April 30, 2015, 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, 2015.

*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, 2016, 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 12, 2016  
Regina, Canada

# SASKATCHEWAN HOCKEY ASSOCIATION

## Statement of Financial Position

April 30, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 665,284	\$ 661,126
Accounts receivable	109,851	265,674
Inventories	184,035	161,465
Prepaid expenses	15,665	7,650
	<u>974,835</u>	<u>1,095,915</u>
Investments (note 3)	1,510,326	1,497,902
Property, plant and equipment (note 4)	353,527	355,338
	<u>\$ 2,838,688</u>	<u>\$ 2,949,155</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 216,818	\$ 269,611
Deferred revenue	31,169	27,434
	<u>247,987</u>	<u>297,045</u>
Net assets:		
Invested in property, plant and equipment	353,527	355,338
Internally restricted (note 5)	857,824	854,069
Unrestricted	1,379,350	1,442,703
	<u>2,590,701</u>	<u>2,652,110</u>
Commitments and contingencies (note 6)		
	<u>\$ 2,838,688</u>	<u>\$ 2,949,155</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# SASKATCHEWAN HOCKEY ASSOCIATION

## Statement of Operations

Year ended April 30, 2016, with comparative information for 2015

	Operating Program	Development Program (Schedule 4)	Total 2016	Total 2016 Budget (unaudited)	Total 2015
<b>Revenue:</b>					
Sask Lotteries Trust Fund for Sport, Culture & Recreation	\$ 169,200	\$ 208,800	\$ 378,000	\$ 378,000	\$ 366,900
Sask Lotteries Trust Fund for Sport, Culture & Recreation - Categorical Grants (Schedule 1)	363,550	-	363,550	359,300	370,900
National Sports Division Body	114,157	-	114,157	110,000	193,560
Self-Help (Schedule 2)	1,234,748	717,979	1,952,727	1,947,115	1,931,435
Other (Schedule 4)	481,669	941,249	1,422,918	1,660,988	1,561,417
	<u>2,363,324</u>	<u>1,868,028</u>	<u>4,231,352</u>	<u>4,455,403</u>	<u>4,424,212</u>
<b>Expenses:</b>					
Sask Lotteries Trust Fund for Sport, Culture & Recreation - Categorical Grants (Schedule 1)	363,550	-	363,550	359,300	371,478
Administration (Schedule 3)	843,930	-	843,930	770,100	766,499
Amortization	64,665	-	64,665	49,400	49,733
Capacity / interaction	329,790	-	329,790	368,306	346,235
Participation (Schedule 4)	-	1,007,124	1,007,124	1,078,042	986,831
Excellence (Schedule 4)	-	860,904	860,904	992,050	893,643
Hockey Canada Insurance	676,598	-	676,598	650,000	663,751
Sask Hockey Hall of Fame	20,127	-	20,127	3,000	5,670
Other	135,035	-	135,035	157,000	123,353
	<u>2,433,695</u>	<u>1,868,028</u>	<u>4,301,723</u>	<u>4,427,198</u>	<u>4,207,193</u>
Excess (deficiency) of revenue over expenses before the undernoted	\$ (70,371)	\$ -	(70,371)	28,205	217,019
Internally restricted excess of revenue over expenses (note 5)			8,962	-	8,148
Excess (deficiency) of revenue over expenses			\$ (61,409)	\$ 28,205	\$ 225,167

See accompanying notes to financial statements.

# SASKATCHEWAN HOCKEY ASSOCIATION

## Statement of Changes in Net Assets

Year ended April 30, 2016, with comparative information for 2015

---

April 30, 2016	Invested in property, plant and equipment	Internal restrictions (note 5)	Unrestricted	2016 Total
Balance, beginning of year	\$ 355,338	\$ 854,069	\$ 1,442,703	\$ 2,652,110
Excess (deficiency) of revenue over expenses	(64,665)	8,962	(5,706)	(61,409)
Net change in investment in property, plant and equipment	62,854	(30,207)	(32,647)	-
Transfers	-	25,000	(25,000)	-
Balance, end of year	\$ 353,527	\$ 857,824	\$ 1,379,350	\$ 2,590,701

---

April 30, 2015	Invested in property, plant and equipment	Internal restrictions (note 5)	Unrestricted	2015 Total
Balance, beginning of year	\$ 259,359	\$ 845,921	\$ 1,321,663	\$ 2,426,943
Excess (deficiency) of revenue over expenses	(49,733)	8,148	266,752	225,167
Net change in investment in property, plant and equipment	145,712	-	(145,712)	-
Balance, end of year	\$ 355,338	\$ 854,069	\$ 1,442,703	\$ 2,652,110

See accompanying notes to financial statements.

# SASKATCHEWAN HOCKEY ASSOCIATION

## Statement of Cash Flows

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (61,409)	\$ 225,167
Items not involving cash:		
Amortization	64,665	49,733
Gain on disposal of property, plant and equipment	(7,929)	
Change in non-cash operating working capital:		
Accounts receivable	155,823	(43,321)
Inventories	(22,570)	(39,341)
Prepaid expenses	(8,015)	14,845
Accounts payable and accrued liabilities	(52,793)	87,490
Deferred revenue	3,735	21,434
	<u>71,507</u>	<u>316,007</u>
Investing:		
Purchase of property, plant and equipment	(71,925)	(145,712)
Proceeds on disposal of property, plant and equipment	17,000	-
Decrease (increase) in investments	(12,424)	150,676
	<u>(67,349)</u>	<u>4,964</u>
Increase in cash	4,158	320,971
Cash, beginning of year	661,126	340,155
Cash, end of year	<u>\$ 665,284</u>	<u>\$ 661,126</u>

See accompanying notes to financial statements.



# SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements

Year ended April 30, 2016

---

## 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 instruments at fair value. The Association has not elected to carry any such financial instruments 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, 2016

---

## 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%
Digital sign	Straight line	10%

---

(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, 2016

## 3. Investments:

	2016	2015
CIBC Canadian bond index fund	681,709	681,773
Sask Sport Inc. - Legacy Fund, interest at 5.00% per annum	144,994	137,685
Sask Sport Inc. - Referee Scholarship Fund, interest at 5.00% per annum	45,146	45,831
Sask Sport Inc. - Saskatchewan Development Model Scholarship Fund, interest at 5.00% per annum	265,576	270,177
Sask Sport Inc. SHA Scholarship Fund, interest at 5.00% per annum	372,901	362,436
	<b>\$ 1,510,326</b>	<b>\$ 1,497,902</b>

## 4. Property, plant and equipment:

	2016		2015	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
Building	535,411	381,439	153,972	149,025
Equipment	226,045	213,096	12,949	28,686
Vehicles	37,406	7,500	29,906	9,071
Digital sign	118,556	11,856	106,700	118,556
	<b>\$ 967,418</b>	<b>\$ 613,891</b>	<b>\$ 353,527</b>	<b>\$ 355,338</b>

# SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2016

## 5. Internally restricted net assets:

	Legacy	Sask Develop Scholarship	SHA Scholarship	Referee Scholarship	Referee	Building	2016 Total	2015 Total
Balance, beginning of year	\$ 137,685	\$ 233,177	\$ 360,436	\$ 45,831	\$ 56,182	\$ 20,758	\$ 854,069	\$ 845,921
Interest and donation revenue	7,310	13,399	18,466	2,314	345	128	41,962	43,148
Scholarships	-	(20,000)	(10,000)	(3,000)	-	-	(33,000)	(35,000)
	7,310	(6,601)	8,466	(686)	345	128	8,962	8,148
Transfer from unrestricted net assets	-	-	-	-	-	25,000	25,000	-
Transfer to invested in property, plant and equipment	-	-	-	-	-	(30,207)	(30,207)	-
	\$ 144,995	\$ 226,576	\$ 368,902	\$ 45,145	\$ 56,527	\$ 15,679	\$ 857,824	\$ 854,069

# SASKATCHEWAN HOCKEY ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2016

---

## 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, 2016

---

## 6. Commitments and contingencies:

### Commitments

The Association is committed to paying approximately \$12,500 per year towards a land lease agreement for the digital sign in Saskatoon for the next 4 years.

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

### 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 2015.

### 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 2015.

### Interest rate risk

The Association is exposed to interest rate risk on its investments in a bond index fund and monies held at Sask Sport Inc. There has been no change to the risk exposure from 2015.

# SASKATCHEWAN HOCKEY ASSOCIATION

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

Year ended April 30, 2016, with comparative information for 2015

	2016	2016 Budget (unaudited)	2015
<b>Revenue:</b>			
Membership Assistance Program	\$ 208,800	\$ 208,800	\$ 201,900
University Athletic Assistance Program	69,000	69,000	69,000
Student Athlete Awards Program	44,250	46,000	46,000
Hosting	16,500	10,500	25,000
Aboriginal Sport Enhancement Program	25,000	25,000	25,000
Aboriginal Apprentice Coach Program	-	-	4,000
	<u>363,550</u>	<u>359,300</u>	<u>370,900</u>
<b>Expenses:</b>			
Membership Assistance Program	208,800	208,800	201,900
University Athletic Assistance Program	69,000	69,000	69,000
Student Athlete Awards Program	44,250	46,000	46,000
Hosting	16,500	10,500	25,000
Aboriginal Sport Enhancement Program	25,000	25,000	25,000
Aboriginal Apprentice Coach Program	-	-	4,578
	<u>363,550</u>	<u>359,300</u>	<u>371,478</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (578)</u>

See accompanying notes to financial statements.

# SASKATCHEWAN HOCKEY ASSOCIATION

## Schedule 2 - Self-Help Revenue

Year ended April 30, 2016, with comparative information for 2015

	2016	2016 Budget (unaudited)	2015
Registration fees and insurance:			
Senior	\$ 221,022	\$ 225,450	\$ 223,811
Adult rec	27,964	26,205	25,561
Female	124,695	124,815	124,400
Junior	98,400	102,415	102,840
Minor	1,295,940	1,287,610	1,264,035
Officiating	147,890	143,495	152,750
	<u>1,915,911</u>	<u>1,909,990</u>	<u>1,893,397</u>
Tournament sanctions	17,900	17,525	17,400
Transfers	17,950	18,000	19,150
Other	966	1,600	1,488
	<u>\$ 1,952,727</u>	<u>\$ 1,947,115</u>	<u>\$ 1,931,435</u>

See accompanying notes to financial statements.



# SASKATCHEWAN HOCKEY ASSOCIATION

## Schedule 3 - Administration Expenses

Year ended April 30, 2016, with comparative information for 2015

	2016	2016 Budget (unaudited)	2015
Audit and accounting	\$ 22,500	\$ 25,000	\$ 24,421
Bank and credit card charges	40,384	44,050	43,053
Computer programming and hosting	80,817	43,000	43,348
Fidelity bond and insurance	9,261	9,200	9,518
Legal	3,685	2,500	1,465
Divisional expenses	19,454	20,000	17,135
Occupancy costs	60,751	61,100	60,252
Office allowance	45,550	47,250	46,150
Office supplies and printing	19,464	20,250	19,010
Postage and express	41,331	34,000	33,171
Salaries and benefits	485,165	449,750	455,359
Telephone	15,568	14,000	13,617
	<u>\$ 843,930</u>	<u>\$ 770,100</u>	<u>\$ 766,499</u>

See accompanying notes to financial statements.

# SASKATCHEWAN HOCKEY ASSOCIATION

## Schedule 4 - Development Program Revenue and Expenses

Year ended April 30, 2016, with comparative information for 2015

	2016	2016 Budget (unaudited)	2015
<b>Revenue:</b>			
Saskatchewan Lotteries Trust Fund for Sport, Culture & Recreation	\$ 208,800	\$ 208,800	\$ 201,900
Self-Help	717,979	973,892	690,722
Other:			
Excellence	450,305	390,950	470,200
Coaching clinics	79,350	68,500	68,500
Initiation program clinics	31,450	31,450	28,000
Other	101,900	134,000	146,167
Officials programs	172,170	161,650	154,255
Coaching mentorship	80,000	90,850	87,400
Skills/Goaltending programs	26,074	10,000	33,330
<b>Subtotal</b>	<b>941,249</b>	<b>887,400</b>	<b>987,852</b>
	1,868,028	2,070,092	1,880,474
<b>Expenses:</b>			
<b>Participation:</b>			
Coaching development	316,594	359,717	333,274
Coaching mentorship	87,715	106,544	110,833
Competitions	25,040	22,000	20,950
Hockey Safety Trainers/Risk Management	14,338	15,230	13,892
Initiation program	110,967	75,058	69,705
Officials development	365,431	378,232	303,537
Target group initiatives	2,424	2,000	2,242
Female Jamboree	12,481	17,200	17,576
Sask First futures	-	-	25,089
MHA Evaluations	22,744	33,700	37,737
Skills/Goaltending programs	49,390	68,361	51,996
	1,007,124	1,078,042	986,831
<b>Excellence:</b>			
Athlete assistance	5,000	5,000	5,000
Coaching development	245,807	294,564	280,776
Competition	46,986	37,300	19,944
Sport science	280	1,000	1,407
Talent identification	415,609	475,677	438,663
Trainer's development	24,397	39,919	24,604
Training athletes	40,225	53,855	55,799
Official development	82,600	84,735	67,450
	860,904	992,050	893,643
	1,868,028	2,070,092	1,880,474
	\$ -	\$ -	\$ -

See accompanying notes to financial statements.