

# *Dean Orlando Professional Corporation*

## Audited Financial Statements

Cochrane Minor Hockey Association

April 30, 2019

## Table of Contents

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	Page
Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Operations and Changes in Fund Balances	6
Statement of Changes in Net Assets	7
Statement of Cash Flow	8
Notes to Financial Statements	9-13

# Independent Auditor's Report

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To the Members of Cochrane Minor Hockey Association,

I have audited the accompanying financial statements of the Cochrane Minor Hockey Association, which comprise the statement of financial position as at April 30, 2019 and the statements of operations and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Cochrane Minor Hockey Association as at April 30, 2019 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.

## *Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Cochrane Minor Hockey Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## *Responsibilities of Management and Those Charged with Governance for the Financial Statements.*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Cochrane Minor Hockey Association'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 Cochrane Minor Hockey Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Cochrane Minor Hockey Association's financial reporting process.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted 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 the Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

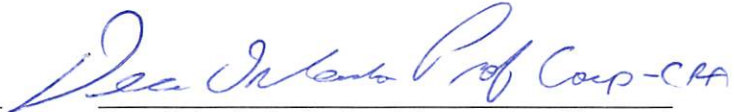
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 Cochrane Minor Hockey Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by management.
- Conclude on the appropriateness of management's use of the going concern basis or accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast doubt on the

Cochrane Minor Hockey Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Cochrane Minor Hockey Association 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.

I communicate to 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 I identify during my audit.

June 20, 2019



Dean Orlando Professional Corporation, Chartered  
Professional Accountant

Cochrane, Alberta

**Cochrane Minor Hockey Association**  
**STATEMENT OF FINANCIAL POSITION**

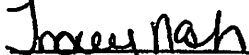
As at April 30, 2019

	General fund	Externally restricted funds	Internally restricted funds	Total	
				2019	2018
<b>Current assets</b>					
Cash (Notes 2 and 3)	\$ 260,184	\$ —	\$ —	\$ 260,184	\$ 279,930
Accounts receivable	138,408	—	—	138,408	25,392
Prepaid expenses	646	—	—	646	5,465
	399,238	—	—	399,238	310,787
<b>Long-term assets</b>					
Investments (Note 2)	—	—	—	—	27,062
Restricted cash (Note 3)	—	86	—	86	133,558
	399,238	86	—	399,324	471,407
<b>Property Plant &amp; Equipment (Note 2 and 4)</b>	75,353	—	—	75,353	—
	\$ 474,591	\$ 86	\$ —	\$ 474,677	\$ 471,407
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 14,218	\$ —	\$ —	\$ 14,218	\$ 31,017
Unearned revenue (Note 5)	27,840	—	—	27,840	11,431
	42,058	—	—	42,058	42,448
<b>Long-term liabilities</b>					
Deferred casino revenue (Note 5)	—	86	—	86	86
	42,058	86	—	42,144	42,534
<b>Fund balances</b>					
Externally restricted	—	—	—	—	—
Internally restricted (Note 6)	—	—	—	—	133,472
Unrestricted (Note 8)	432,533	—	—	432,533	295,401
	432,533	—	—	432,533	428,873
	\$ 474,591	\$ 86	\$ —	\$ 474,677	\$ 471,407

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

Some figures may be rounded.

APPROVED BY THE BOARD

 Director

 Director



**Cochrane Minor Hockey Association**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
As at April 30, 2019

		2019	2018
<b>Revenues</b>			
Registration fees	\$	1,096,765	\$ 1,018,436
User group income	\$	310,799	\$ 307,321
Tournament	\$	78,175	\$ 71,685
Other	\$	5,438	\$ 5,204
Donations & Fundraising	\$	9,290	\$ 15,810
Interest (Note 7)	\$	2,532	\$ 1,196
Casino	\$	-	\$ 52,539
	\$	1,502,999	\$ 1,472,191
<b>Expenses</b>			
Ice fees	\$	484,388	\$ 485,853
User group expenses	\$	325,161	\$ 307,866
Coaching & clinic costs	\$	170,749	\$ 167,928
Evaluations	\$	105,271	\$ 88,913
Subcontracting-office admin	\$	83,291	\$ 84,904
Tournament expenses	\$	75,222	\$ 65,498
Referee	\$	73,439	\$ 75,288
League association fees	\$	69,985	\$ 64,487
Sports equipment & jerseys	\$	17,520	\$ 53,062
Bank charges and credit card fees	\$	35,723	\$ 32,979
Amortization	\$	18,838	\$ -
Photography & medals	\$	12,138	\$ 10,903
Professional fees	\$	10,500	\$ 10,637
Office	\$	7,208	\$ 9,445
Advertising, AGM & meetings exp	\$	6,617	\$ 5,775
Donations & sponsorship	\$	3,133	\$ 7,490
Casino	\$	-	\$ -
	\$	1,499,183	\$ 1,471,028
Excess of revenues over expenses	\$	3,816	\$ 1,163

The accompanying notes are an integral part of these financial statements.  
Some figures may be rounded.

**Cochrane Minor Hockey Association**  
**STATEMENT OF CHANGES IN NET ASSETS**  
For the Year Ended April 30, 2019

	Internally restricted funds	Unrestricted funds	Total	
			2019	2018
Balance beginning of year,	\$ 133,472	\$ 295,401	\$ 428,873	\$ 428,231
Adjustment to opening balances	26	(182)	(156)	(521)
Transfer - restricted to unrestricted funds	(133,498)	133,498		
Excess of revenues over expenses		3,816	3,816	1,163
Balance, end of year	\$ -	\$ 432,533	\$ 432,533	\$ 428,873

Cochrane Minor Hockey Association  
**STATEMENT OF CASH FLOW**  
For the Year Ended April 30, 2019

	2019	2018
<b>Operating Activities</b>		
Excess of revenues over expenses	\$ 3,816	\$ 1,163
Items not affecting cash:		
Amortization	18,838	-
Net changes in non-cash working operating balances		
Prepaid expenses	4,819	(5,118)
Accounts Receivable	(113,016)	(3,076)
Accounts Payable	(16,799)	9,009
Deferred casino revenue	-	(52,526)
Unearned revenue	16,409	(5,795)
Unrestricted net assets	(156)	(521)
Net cash provided by (used in) operating activities	\$ (86,089)	\$ (56,864)
<b>Investing Activities</b>		
Jerseys' purchases	(94,191)	-
<b>Financing Activities</b>		
	-	-
<b>Change in cash during the year</b>	<b>\$ (180,280)</b>	<b>\$ (56,864)</b>
<b>Cash</b>		
Cash balances, beginning of year	\$ 440,550	\$ 497,414
Cash balances, end of year	\$ 260,270	\$ 440,550

The accompanying notes are an integral part of these financial statements.  
Some figures may be rounded.

Consists of general, internally and externally restricted cash in the bank accounts:

Cash and short-term investments-avail for operations	\$ 260,184	\$ 306,992
Cash and short-term investments-externally restricted	\$ 86	\$ 86
Cash and short-term investments-internally restricted	\$ -	\$ 133,472
	\$ 260,270	\$ 440,550



## **1. PURPOSE OF THE ORGANIZATION**

Cochrane Minor Hockey Association (the "Association") is a not-for-profit organization operating to deliver a fun, fair, safe and challenging environment for hockey and ringette players in the Cochrane area. The Association is incorporated under Provincial Societies Act of Alberta as a not-for-profit organization, which is not subject to income tax.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Association prepares its financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. The significant accounting policies are detailed as follows:

### **Revenue recognition**

The Association follows the deferral method of accounting for contributions.

Restricted contributions and endowments for which a corresponding restricted fund is presented are recognized as revenue of that fund in the year in which the related expenses are incurred. Unrestricted contributions and endowments are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Advertising revenues and fees for services related to programs are recognized as revenue when such programs are delivered, and the remaining sources of revenue are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants are recorded as revenue at the time the requirements, if any, related to the terms of the grant are fulfilled.

Casino revenues are recognized as revenue of the casino (restricted) fund when funds are expensed on approved uses as per the AGLC approved uses for casino funds.

Interest income is recognized as revenue when earned.

### **Cash and cash equivalents**

Cash consists of cash on hand and bank deposits in excess of outstanding cheques for both unrestricted and restricted cash. Highly liquid investments with maturities of one year or less at the date of purchase are the cash equivalents.

**Cochrane Minor Hockey Association**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2019

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**Investments**

Investments are recorded at the lower of cost and market value, as at year-end. There are no investments as at fiscal year end.

**Property, Plant & Equipment**

Purchased property, plant & equipment are recorded at cost. Currently the only PP&E existing are hockey jerseys which are amortized over five years, Contributed PP&E are recorded at fair value at the date of contribution. Amortization is taken on a straight-line basis over the assets estimated useful lives, which are as follows:

- Hockey jerseys 20%, straight-line method

The association regularly reviews its PP&E to eliminate obsolete items.

**Contributed goods and services**

Volunteers assist the Association in delivering its services. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed material and supplies that would otherwise be paid for the Association are recorded at fair value when provided.

**Use of estimates**

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations. The association makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses
- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities

The association bases its assumptions on several factors including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that it believes are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions.

**Cochrane Minor Hockey Association**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2019

**3. CASH and RESTRICTED CASH**

The operating cash account is unrestricted and is part of the general fund. The externally restricted cash is composed of the casino account whose purpose is for approved expenses by the Alberta Gaming and Liquor Commission, (AGLC), (see Note 4, amount at April 30, 2019 was \$86). There is no internally restricted cash at year end April 30, 2019. There was \$133,558 at the end of the previous fiscal year that existed within a separate account.

**4. PROPERTY, PLANT & EQUIPMENT**

	<b>Cost</b>		<b>Accumulated Amortization</b>		<b>Net Book Value</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Hockey jerseys	\$ 94,191	\$ —	\$ 18,838	\$ —	\$ 75,353	\$ —
Total	\$ 94,191	\$ —	\$ 18,838	\$ —	\$ 75,353	\$ —

**5. DEFERRED CASINO REVENUE and UNEARNED REVENUE**

Deferred casino revenue which is inclusive within the restricted cash on the statement of financial position represents restricted operating funding received, but not yet expensed for the next two-year period per the approved casino "use of funds" agreement between the association and the AGLC. Casino funds must be spent within a two-year period for AGLC regulations. Changes in the deferred casino revenue balance are as follows:

	<b>2019</b>	<b>2018</b>
Beginning balance	\$ 86	\$ 52,612
Casino funds spent during the year:	-	(52,526)
Casino funds received during the year	-	-
Ending balance	\$ 86	\$ 86

Unearned revenue had an opening balance of \$11,431, an ending balance of \$ 27,840. This was the result of several deposits from parents of players and user groups who paid the fees for the 2018-2019 fiscal year program, in advance.

Cochrane Minor Hockey Association  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2019

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**6. INTERFUND TRANSFERS AND INTERNALLY RESTRICTED ASSETS**

The board has internally restricted \$ 0; (2018-\$ 133,435) for future capital expenditures and to ensure the capability of operations in the event of unexpected changes in circumstances. Funds in the amount of \$133,483 were transferred from internally restricted funds to general operations on December 6<sup>th</sup>, 2018 in order to eliminate additional bank accounts to save some costs. Also, \$14.71 was transferred from the New Arena bank account to the main general operations account on December 6<sup>th</sup>, 2018. The total transferred was \$133,498.

**7. INVESTMENT INCOME**

	2019	2018
Investment income earned on:		
Non-redeemable GIC's	\$ 2,532	\$ 1,196

**8. NET ASSETS**

In the event of dissolution or winding up the Association, all its remaining assets after payment of liabilities, shall be distributed to one or more organizations in Canada having similar objectives.

**9. FINANCIAL INSTRUMENTS**

The Association's financial instruments included in the statement of financial position consist of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities. It is the board's opinion that the Association is not exposed to significant currency risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

**Fair value** – The carrying value of cash and short-term investments, accounts receivable, and accounts payable and accrued liabilities approximates their fair value due to the immediate or short-term maturity of these instruments.

**Credit risk** – The Association is exposed to credit risk on the accounts receivable from its members. The Association mitigates credit risk through regular review of its member accounts.

**Interest rate risk** – Interest rate risk is the risk that the fair value of the financial instrument or future cash flows associated with the instrument will fluctuate due to changes in market rates.

The Association's short-term investments are subject to interest rate risk from the uncertainty of investment return due to changes in the market rates of interest.

**Liquidity risk** - Liquidity risk is the risk that the Association may not be able to meet a demand for cash or fund its obligations as they become due. Liquidity risk also includes the risk of the Association not being able to liquidate assets in a timely manner at a reasonable price.

The Association meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, investing and financing activities and seeking donations for specific projects and activities.