



Hockey Canada

Financial Statements
As at and for the year ended June 30, 2023

Contents

Management's Responsibility

Independent Auditor's Report

Financial Statements

Statement of Financial Position	2
Statement of Changes in Fund Balances	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 – 19
Schedule of Sport Canada Funded Revenue and Expenses	20

Management's Responsibility

To the Members of Hockey Canada:

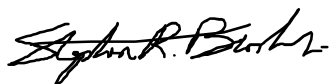
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Finance Committee (the "Committee") is composed primarily of Directors who are neither management nor employees of the Organization. The Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

October 24, 2023



Stephen Brooks
Chief Financial Officer - Interim

To the Members of Hockey Canada:

Opinion

We have audited the financial statements of Hockey Canada (the "Organization"), which comprise the statement of financial position as at June 30, 2023, and the statements 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, 2023, 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

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Organization incurred a deficit of \$31,629,855 during the year ended June 30, 2023 and, as of that date, the Organization had a working capital deficiency of \$3,418,496. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on December 20, 2022.

Other Information - Unaudited Schedule

Our audit of Hockey Canada's financial statements for the year ended June 30, 2023 was not directed to the determination of the accuracy of the information included in the Schedule of Sport Canada Funded Revenue and Expenses. While such information has been subjected to the auditing process applied in the audit of the financial statements as a whole, we do not express an opinion on the Schedule of Sport Canada Funded Revenue and Expenses.

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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta

October 24, 2023

MNP LLP
Chartered Professional Accountants



Statement of Financial Position

As at June 30

						2023	2022
	Operating Fund	Insurance Fund	Uninsured Risk Fund	International Event Hosting Support Fund	Strategic Plan Fund	Total	Total
Assets							
Current							
Cash	\$ 3,867,966	\$ 128,268	\$ 503,994	\$ 596,245	\$ 368,710	\$ 5,465,183	\$ 5,074,570
Accounts receivable	3,047,496	891,233	-	2,703,918	106,397	6,749,044	6,746,445
Receivable from (payable to) funds (Note 7)	-	-	-	-	-	-	-
Hockey Resource Centre inventories (Note 8)	1,006,122	-	-	-	-	1,006,122	1,015,121
Prepaid expenses	423,508	2,730,916	-	-	-	3,154,424	2,035,600
Due from related parties (Note 9)	1,044,601	-	-	-	-	1,044,601	294,765
	<u>9,389,693</u>	<u>3,750,417</u>	<u>503,994</u>	<u>3,300,163</u>	<u>475,107</u>	<u>17,419,374</u>	<u>15,166,501</u>
Long-term investments (Note 10)	24,877,764	4,813,788	13,496,006	3,336,870	9,873,348	56,397,776	101,236,949
Tangible capital assets (Note 11)	1,634,277	-	-	174,439	834,954	2,643,670	2,643,573
	<u>35,901,734</u>	<u>8,564,205</u>	<u>14,000,000</u>	<u>6,811,472</u>	<u>11,183,409</u>	<u>76,460,820</u>	<u>119,047,023</u>
Liabilities and Fund Balances							
Current							
Bank indebtedness (Note 5)	320,000	10,000	-	-	-	330,000	7,888,065
Accounts payable and accrued liabilities (Note 12)	13,654,435	2,095,224	-	2,151,241	366,316	18,267,216	17,041,017
Deferred contributions, operations (Note 13)	2,240,654	-	-	-	-	2,240,654	5,887,372
	<u>16,215,089</u>	<u>2,105,224</u>	<u>-</u>	<u>2,151,241</u>	<u>366,316</u>	<u>20,837,870</u>	<u>30,816,454</u>
Other liabilities and provisions (Note 14)	-	1,459,753	-	-	-	1,459,753	2,437,517
	<u>16,215,089</u>	<u>3,564,977</u>	<u>-</u>	<u>2,151,241</u>	<u>366,316</u>	<u>22,297,623</u>	<u>33,253,971</u>
Subsequent Event (Note 21)							
Fund balances							
Internally restricted	-	4,999,228	14,000,000	4,660,231	10,817,093	34,476,552	71,917,721
Unrestricted	19,686,645	-	-	-	-	19,686,645	13,875,331
	<u>19,686,645</u>	<u>4,999,228</u>	<u>14,000,000</u>	<u>4,660,231</u>	<u>10,817,093</u>	<u>54,163,197</u>	<u>85,793,052</u>
	<u>\$ 35,901,734</u>	<u>\$ 8,564,205</u>	<u>\$ 14,000,000</u>	<u>\$ 6,811,472</u>	<u>\$ 11,183,409</u>	<u>\$ 76,460,820</u>	<u>\$ 119,047,023</u>

On behalf of the Board:

Andrea Poole
Director

On behalf of Management:

Stephen R. Brooks
Chief Financial Officer - Interim



Statement of Changes in Fund Balances

For the year ended June 30						2023	2022
	Operating Fund	Insurance Fund	Uninsured Risk Fund	International Event Hosting Support Fund	Strategic Plan Fund	Total	Total
Fund balances, beginning of the year (Note 4)	\$ 47,797,785	\$ 2,714,963	\$ 13,756,744	\$ 8,756,542	\$ 12,767,018	\$ 85,793,052	\$ 119,120,931
Excess (deficiency) of revenue over expenditures for the year	(28,111,140)	2,284,265	243,256	(4,096,311)	(1,949,925)	(31,629,855)	(33,327,879)
Interfund transfers	19,686,645	4,999,228	14,000,000	4,660,231	10,817,093	54,163,197	85,793,052
Fund balances, end of year	<u>\$ 19,686,645</u>	<u>\$ 4,999,228</u>	<u>\$ 14,000,000</u>	<u>\$ 4,660,231</u>	<u>\$ 10,817,093</u>	<u>\$ 54,163,197</u>	<u>\$ 85,793,052</u>



Statement of Operations

For the year ended June 30

2023 2022

	Operating Fund	Insurance Fund	Uninsured Risk Fund	International Event Hosting Support Fund	Strategic Plan Fund	Total	Total
Revenue							
Funding (Notes 9 and 16)	\$ 5,945,841	\$ -	\$ -	\$ -	\$ -	\$ 5,945,841	\$ 10,345,991
Marketing (Note 17)	10,286,883	-	-	-	-	10,286,883	17,615,258
National events and camps (Note 16)	1,220,529	-	-	-	-	1,220,529	1,822,394
National teams	3,741,092	-	-	-	-	3,741,092	2,475,412
International event hosting (Notes 16 and 17)	-	-	-	29,731,698	-	29,731,698	5,564,371
Investment and interest income	1,095,605	300,039	522,637	730,087	131,809	2,780,177	4,617,800
Administration	329,902	-	-	-	-	329,902	255,507
Member services	841,279	-	-	-	-	841,279	640,637
Member engagement	3,076,932	-	-	-	-	3,076,932	1,127,470
Insurance premiums - registration fees	-	14,238,352	-	-	-	14,238,352	13,501,127
	26,538,063	14,538,391	522,637	30,461,785	131,809	72,192,685	57,965,967
Expenses							
Funding (Notes 9 and 16)	856,493	-	-	-	-	856,493	171,968
Marketing (Note 17)	726,746	-	-	-	-	726,746	2,909,660
National events and camps (Note 16)	2,316,678	-	-	-	-	2,316,678	4,353,206
National teams	14,583,288	-	-	-	-	14,583,288	16,909,960
International event hosting (Notes 16 and 17)	-	-	-	32,149,212	-	32,149,212	14,216,132
Administration	24,041,834	124,903	276,440	4,009,268	2,371,023	30,823,468	22,958,641
Member services	8,504,883	-	-	-	-	8,504,883	3,158,047
Member engagement	4,137,365	-	-	-	-	4,137,365	1,641,517
Insurance premiums	-	11,706,189	-	-	-	11,706,189	10,797,530
Health benefit claims	-	1,126,460	-	-	-	1,126,460	750,331
Sport Safety	2,454,135	-	-	-	-	2,454,135	-
Insurance claims and reserve adjustment (Note 14)	-	(122,347)	1,150,000	-	-	1,027,653	1,270,495
	57,621,422	12,835,205	1,426,440	36,158,480	2,371,023	110,412,570	79,137,487
Excess (deficiency) of revenue over expenditures for the year before other items	(31,083,359)	1,703,186	(903,803)	(5,696,695)	(2,239,214)	(38,219,885)	(21,171,520)
Other items							
Unrealized gain (loss) on market value of investments	2,972,219	581,079	1,147,059	1,600,384	289,289	6,590,030	(12,590,348)
Government assistance	-	-	-	-	-	-	433,989
	2,972,219	581,079	1,147,059	1,600,384	289,289	6,590,030	(12,156,359)
Excess (deficiency) of revenue over expenditures for the year	\$ (28,111,140)	\$ 2,284,265	\$ 243,256	\$ (4,096,311)	\$ (1,949,925)	\$ (31,629,855)	\$ (33,327,879)

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



Statement of Cash Flows

For the year ended June 30	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (31,629,855)	\$ (33,327,879)
Items not involving cash		
Amortization of tangible capital assets	462,225	368,735
Disposal of tangible capital assets	17,392	
Unrealized loss (gain) on market value of investments	(6,590,030)	12,590,348
	<u>(37,740,268)</u>	<u>(20,368,796)</u>
Changes in non-cash working capital balances		
Accounts receivable	(2,599)	(3,031,256)
Hockey Resource Centre inventories	8,999	215,960
Prepaid expenses	(1,118,824)	285,343
Accounts payable and accrued liabilities	1,226,199	1,859,681
Deferred contributions, operations	(3,646,718)	3,500,976
Deferred revenue, international event hosting	-	(12,623,106)
Other liabilities and provisions	(977,764)	(1,581,197)
	<u>(4,510,707)</u>	<u>(11,373,599)</u>
	<u>(42,250,975)</u>	<u>(31,742,395)</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(479,714)	(630,825)
Purchase of long-term investments	(2,172,411)	(3,314,344)
Proceeds on disposal of investments	53,601,614	8,000,000
Repayments from (advances to) related parties	(749,836)	(122,103)
	<u>50,199,653</u>	<u>3,932,728</u>
Cash flows from financing activities		
Increase (decrease) in bank indebtedness	<u>(7,558,065)</u>	<u>7,888,065</u>
Increase (decrease) in cash during the year	390,613	(19,921,602)
Cash, beginning of the year	5,074,570	24,996,172
Cash, end of the year	<u>\$ 5,465,183</u>	<u>\$ 5,074,570</u>



Notes to the Financial Statements

1. Nature of Operations

Hockey Canada (the “Organization”) is a registered 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.

2. Going Concern

These financial statements have been prepared on the basis that the Organization will continue as a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations for the foreseeable future. The Organization incurred a deficit of \$31,629,855 (2022 - \$33,327,879) including a deficit in the Operating fund of \$28,111,140 (2022 - \$11,989,367) for the year ended June 30, 2023. The Company has a working capital deficiency of \$3,418,496 at June 30, 2023.

For the last several years, as a result of the COVID 19 global pandemic, the Organization has experienced the cancellation and fundamental change to its events resulting in losses. Additionally, the public and media scrutiny over the Organization’s past management and governance of litigation settlements and the use of player registration fees has resulted in major sponsors withdrawing funding. The result was the Organization’s entire Board of Directors resigning, and a new Board of Directors coming into effect on December 17, 2023.

The Organization has funded its operations principally through the disposition and withdrawal of significant funds from its long-term investments. The long-term investments balance is \$56,397,776 as at June 30, 2023 (2022 - \$101,236,949; 2021- \$118,512,953). The long-term investments balance is expected to continue to decline significantly over the next 18-24 months (note 21). Management acknowledges that there is a significant uncertainty over the Organization’s ability to continue as a going concern over the next two years. Management is actively working to rectify this financial situation. The Organization’s ability to continue as a going concern is dependent on the Organization’s ability to pay its liabilities; the return and significant increase in corporate partnership revenues; cost savings associated with managing operating expense levels; and a review of the Organization’s programming initiatives. These initiatives by Management are underway. It cannot be determined at this time whether these objectives will be realized.

Management believes that the use of the going concern assumption is appropriate for these financial statements. If the Organization were unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities may be necessary. Such adjustments could be material to the financial statements.



3. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit Organizations (ASNPO).

Fund Accounting

Operating Fund

The Operating Fund accounts for the unrestricted operations including the cost of grassroots programs, events, national teams, sport safety, administrative and other operating expenditures of the Organization. This fund reports the grants, annual membership fees, annual team assessment fees for national competitions, gate receipts, performance bonds, sanction fees, appeals and protest fees, proceeds from the sale of merchandise, products and educational resources, sponsorship proceeds, the sale of broadcast and television rights and other sources stipulated from time to time by the Board. The Organization's tangible capital assets included in the Operating Fund are considered internally restricted.

Insurance Fund

The Insurance Fund accounts for insurance fees and premiums across Canada. The Insurance Fund reports the directors' and officers' insurance premiums, general liability insurance premiums, insurance deductibles, and supplementary accidental death and dismemberment coverage during sanctioned hockey activities. In addition, separate from the insurance policies, the Organization provides Major Medical/Dental secondary compensation, which is designed to assist registered participants with medical and dental expenses when they have used up all the insurance available from their private insurance, or the participant does not have any private insurance. A provision is made for all known incidents where an estimate is determinable, including the insurance deductibles and professional fees related to these actions. Funds in the Insurance Fund originate from the fees that the Organization charges its Members and in turn the participants. These fees are approved on an annual basis by the Board.

Uninsured Risk Fund

The Uninsured Risk Fund accounts solely for uninsured claims that would not be covered under any active insurance policy. As of March 1, 2023, the Commercial General Liability policy of the Organization now only covers a claim period dating back to March 1, 2020, for any sexual misconduct claims. Any unidentified sexual misconduct claims brought forward pre-dating March 2020 would therefore be considered uninsured and potentially covered under the Uninsured Risk Fund. A provision is made for all known incidents where an estimate is reasonably determinable. Any changes to the fund balance, through fund transfer, will be recommended by Management with approval by the Risk Management Committee of the Board and ultimately the full Board. All uninsured claims are reported to the Organization's internal counsel and the Risk Management Committee of the Board. Any settlement of uninsured claims is subject to review by the Risk Management Committee, with a recommendation of settlement provided to the Board. All payments to settle uninsured claims are approved by the Board.



3. Summary of Significant Accounting Policies (continued)

International Event Hosting Support Fund

The International Event Hosting Support Fund is to be used to support the Organization's hosting of international events, including, but not limited to, the World Junior Hockey Championships, the Women's World Championship, the Hlinka Gretzky Cup, and the World Para Ice Hockey Championships. Funds include the net proceeds from the events noted above as well as investment income.

Strategic Plan Fund

The Strategic Plan Fund reports the development of the Organization's initiatives, as determined by the Board of Directors, for the development of hockey in Canada at all levels including, but not limited to: supporting the Member Organizations for initiatives that are national in scope, but require delivery at a Member Organization level; to fund current and future technologies; and to support increasing the membership base across the country. Funds earned include investment income and net proceeds from strategic, long term operating initiatives.

Inventories

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

Long-term Investments

Long-term investments consist of bond funds and equities recorded at fair value as they are all traded in active markets. They have been classified as long-term assets in concurrence with the nature of the investments. Changes in fair value are recorded immediately in the excess of revenue over expenses.

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	– 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.



3. Summary of Significant Accounting Policies (continued)

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.

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

Revenues related to National teams and member services are recognized as revenue of the Operating Fund, and registration fees for insurance premiums are recognized as revenue of the Insurance Fund in the year received or receivable if the amount can be reasonably measured and collection is reasonably assured.

Investment and interest income is recognized as revenue of the various funds based on fund balances in each of the funds when earned. The unrealized gains and losses on investments result from the change in fair value of investments and is included on the statement of operations.

Contributed Materials and 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 of volunteer hours, 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:



3. Summary of Significant Accounting Policies (continued)

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.

Management Uncertainty

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 accounts payable and accrued liabilities and other liabilities and provisions reserves (Note 14).

Financial Instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's Length Financial Instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has made no such election during the year.

Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance, or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related Party Financial Instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration



3. Summary of Significant Accounting Policies (continued)

transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

Financial instruments that were initially measured at cost are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial Asset Impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

4. Fund Accounting

Effective with the financial statements for the year ended June 30, 2023, the Organization restructured its funds to ensure increased transparency and accountability regarding the source and use of monies within each fund. The previous fund structure consisted of the Operating Fund, the Health Benefit Trust, the National Equity Fund and six Pillars, one of which was the International Event Hosting Fund. Accounting entries were made to transfer all activity related to the 2022/23 fiscal year to the new fund structure. The continuity below summarizes the adjustments that were made to allocate the funds in accordance with the new fund structure effective July 1, 2022:



4. Fund Accounting (continued)

	Pillars	Health Benefit Trust	National Equity Fund	Operating Fund	International Event Hosting Support Fund	Insurance Fund	Uninsured Risk Fund	Strategic Plan Fund	Total
Fund balance, June 30, 2022	\$ 68,751,875	\$ 6,340,720	\$ 1,528,680	\$ 15,332,324	-\$ 6,160,547	\$ -	\$ -	\$ -	\$ 85,793,052
Reallocated to new fund structure	(68,751,875)	(6,340,720)	(1,528,680)	32,465,461	14,917,089	2,714,963	13,756,744	12,767,018	-
Fund balance, July 1, 2022	-	-	-	47,797,785	8,756,542	2,714,963	13,756,744	12,767,018	85,793,052
Net activity	-	-	-	(28,111,140)	(4,096,311)	2,284,265	243,256	(1,949,925)	(31,629,855)
Fund balance, June 30, 2023	\$ -	\$ -	\$ -	\$ 19,686,645	\$ 4,660,231	\$ 4,999,228	\$ 14,000,000	\$ 10,817,093	\$ 54,163,197

5. Cash

The Organization's bank accounts are held at two chartered banks. Scotiabank 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, 2023 was 4.75% (2022 – 1.50%). The Royal Bank of Canada bank accounts earn interest at a nominal rate of prime less 1.90% per annum. The prime rate at June 30, 2023 was 6.95% (2022 – 3.70%). Bank balances include \$397,805 (2022 - \$17,530) denominated in U.S. dollars converted to \$529,081 (2022 - \$22,565) Canadian. Cash totaling \$2,106,115 (2022 - \$2,319,616) is held in an investment portfolio that is grouped with the Organization's bank balance.

The Organization also has an available credit card limit of \$3,200,000 with Scotiabank. At June 30, 2023, the Organization had undrawn credit card capacity of \$2,712,000. The Organization also has an available credit card limit of \$890,000 with American Express. At June 30, 2023, the Organization had undrawn credit card capacity of \$890,000 (2022 - \$890,000).

The Organization has a margin account of \$20,000,000 (2022 - \$nil) with Scotiabank at a rate of prime. At June 30, 2023, the Organization had undrawn credit capacity of \$19,670,000. This margin account is subject to limitations based on the value of investments held with Scotiabank. At June 30, 2023 the Organization did not have an overdraft demand facility with Scotiabank (2022 - \$13,200,000).

6. Accounts Receivable

Accounts receivable includes \$49,500 (2022 - \$1,591,745) due from third parties denominated in Swiss Francs converted to \$72,869 (2022 - \$2,147,105) Canadian dollars and \$47,410 (2022 - \$90,018) due from third parties denominated in U.S. dollars converted to \$62,572 (2022 - \$115,898) Canadian dollars.

7. Receivable From Funds / Payable to Funds

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

8. Hockey Resource Centre Inventories

Merchandise and promotional items used at various events throughout the year, Hockey Resource Centre Inventories, expensed during the year was \$991,537 (2022 - \$1,174,096).



9. Related Party Transactions

Hockey Canada Foundation/Hockey Canada Foundation U.S.

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 Hockey Canada Foundation holds an endowment fund of \$14,169,512 (2022 - \$13,349,837) contributed by the Organization. The income generated from this fund is used to provide funding and support to Hockey Canada's initiatives and other organizations in the country with objectives similar to Hockey Canada. Transactions with Hockey Canada Foundation are as follows:

	<u>2023</u>	<u>2022</u>
Donations given		
Hockey Canada Foundation	\$ (37,536)	\$ 630,682
Hockey Canada Foundation US	7,500	-
	<u>\$ (30,036)</u>	<u>\$ 630,682</u>
	<u>2023</u>	<u>2022</u>
Grants received		
Hockey Canada Foundation	<u>\$ 1,157,453</u>	<u>\$ 713,133</u>

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

	<u>2023</u>	<u>2022</u>
Amounts due from (to) related parties are as follows:		
Hockey Canada Foundation	\$ 1,031,020	\$ 206,654
Hockey Canada Foundation US	13,581	88,111
	<u>\$ 1,044,601</u>	<u>\$ 294,765</u>

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

10. Long-term Investments

	<u>2023</u>	<u>2022</u>
Bond funds	\$ 26,730,715	\$ 45,037,165
Equities	29,667,061	56,199,784
Market value	<u>\$ 56,397,776</u>	<u>\$ 101,236,949</u>

Long-term investments had a weighted average rate of return of 3.31% for the year ended June 30, 2023 (2022 – -0.88%).



11. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 3,909,442	\$ 3,660,246	\$ 3,710,084	\$ 3,535,648
Leasehold improvements	2,035,702	920,188	2,001,627	826,017
Office equipment	1,404,340	1,404,340	1,481,738	1,464,346
Software	2,074,060	795,100	1,827,780	551,645
Training/medical equipment	563,687	563,687	563,687	563,687
	<u>\$ 9,987,231</u>	<u>\$ 7,343,561</u>	<u>\$ 9,584,916</u>	<u>\$ 6,941,343</u>
Net book value		<u>\$ 2,643,670</u>		<u>\$ 2,643,573</u>

During the year, the Organization recognized amortization expense in the amount of \$462,225 (2022 - \$368,735) included in member services expenses. Also included in member services expenses is a loss on tangible assets for a write down of \$17,392 (2022 - \$nil) related to tangible capital assets no longer in use, as well as a reversal of accumulated amortization of disposed items of \$60,006.

12. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$3,121,240 (2022 - \$nil) denominated in Swiss Francs converted to \$4,612,598 (2022- \$nil) Canadian dollars, \$180,250 (2022 - \$385,859) denominated in U.S. dollars converted to \$248,375 (2022 - \$496,677) Canadian dollars, and \$105,824 (2022 - \$90,018) denominated in Euros converted to \$152,791 (2022 - \$115,898) Canadian dollars.

13. 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:

	2023	2022
Balance, beginning of the year	\$ 5,887,372	\$ 2,386,396
Contributions received	1,254,843	4,987,372
Total Contributions	7,142,215	7,373,768
Recognized as revenue	(4,901,561)	(1,486,396)
Balance, end of the year	<u>\$ 2,240,654</u>	<u>\$ 5,887,372</u>

14. Other Liabilities and Provisions

Given the nature of the operations as described in Note 1, the Organization is susceptible to lawsuits from various sources. As a result of this risk, the Organization has obtained insurance coverage which is supplemented by holding funds in reserve to cover uninsured claims. The funds available are the Insurance Fund and the Uninsured Risk Fund, as described in Note 1, and the Participants Legacy Trust Fund, as described in Note 15. At the present time, the Organization has accrued a provision which



14. Other Liabilities and Provisions (continued)

represents management's estimate of the potential exposure for all known incidents. In instances where an incident has occurred but has not been brought to the Organization's attention, management has asserted that it is unable to make an evaluation of the possible outcome or possible settlement that may arise as a result of unknown incidents. Consequently, no provision for these instances have been made in the financial statements.

	Insurance Fund 2023	Insurance Fund 2022	Uninsured Risk Fund 2023	Uninsured Risk Fund 2022
Provision, beginning of year	\$ 1,987,517	\$ 2,291,068	\$ 450,000	\$ 1,687,140
Less				
Estimated claims for incidents identified in the year, net of change in estimated claims for incidents identified in prior years (a)	(527,764)	(303,551)	(450,000)	(1,237,140)
Provision, end of year	\$ 1,459,753	\$ 1,987,517	\$ -	\$ 450,000
Settlements Paid (b)	\$ 319,174	\$ 185,821	\$ 1,600,000	\$ 2,665,871

(a) Claims for incidents have significant estimation uncertainty due to the high number of factors that impact each individual incident. Given the nature of the incident, management may rely upon past experience from similar incidents, the magnitude of the incident, external legal advice, and/or specific information about the claimant to determine the estimated claim the Organization may occur. During previous fiscal year 2021-22, the reserve of the Uninsured Risk Fund was reduced by approximately \$1,050,000 due to change in assumptions related to a past settlement that was previously accrued.

(b) The amount paid out of the Uninsured Risk Fund in 2023 relates to settlements specific to historic civil actions resolved in the past fiscal year that were outside the scope and coverage of Hockey Canada's insurance program.



15. Participants Legacy Trust Fund

The Participants Legacy Trust Fund (the Legacy Trust) was established to respond to late reported claims for incidents associated with certain member branches and the CHL, and occurring prior to September 1, 1995, in the event the former National Equity Fund, and its successor Fund(s), is insufficient. The Trustees of the Legacy Trust are appointed and terminated by the Organization. The Organization also appoints the Legacy Trust's claims committee. Total assets available for distribution as at June 30, 2023 is \$7,450,318 (June 30, 2022 - \$7,493,352). Total income, net of carrying charges and trustee fees, generated from the investment portfolio for the trust's year ending December 31, 2022, was \$344,165 (December 31, 2021 - \$238,997). This income was distributed to certain member branches and the CHL, the beneficiaries of the Legacy Trust. Based on the trust agreement, the Organization is not able to receive distributions from the Legacy Trust. The Organization had no transactions with the Legacy Trust during the year.

16. 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:

- \$5,381,000 received from the Government of Canada (2022 - \$7,743,600);
- \$2,000,000 from the Government of Nova Scotia (2022 - \$nil);
- \$1,250,000 from the Government of New Brunswick (2022 - \$nil);
- \$1,000,000 from the City of Halifax (2022 - \$nil);
- \$750,000 from the City of Moncton (2022 - \$nil);
- \$500,000 from the Government of Ontario (2022 - \$nil);
- \$250,000 from the City of Brampton (2022 - \$nil);
- \$nil from the City of Edmonton (2022 - \$125,000);
- \$nil from Edmonton Economic Development Corporation (2022 - \$100,000);
- \$nil from the City of Red Deer (2022 - \$250,000); and
- \$nil from Tourism Calgary (2022 -700,000).

17. Non-Monetary Transactions

Marketing revenue includes value in kind of \$1,264,204 (2022 - \$1,392,396) including products and contributed services, except for volunteered hours, in exchange for sponsorship rights. These transactions have been measured at the fair value of contributed products and services.

18. Government Assistance

Due to the impact of the COVID-19 pandemic, the Government of Canada implemented a number of temporary financial aid programs to assist organizations during this period. No government assistance was received in 2023.



18. Government Assistance (continued)

During 2022, the Organization received government assistance as follows:

- Canadian Emergency Rent Subsidy (CERS): \$18,954;
- Canadian Emergency Wage Subsidy (CEWS): \$279,691; and
- Canadian Recovery Hiring Program (CRHP): \$135,345.

19. 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, communication services agreement, hotel services agreement and an IT management and support services agreement. The contracts expire between June 2024 and June 2026. 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 March 2024 and October 2031.

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

2024	\$	4,704,534
2025		9,818,581
2026		3,906,679
2027		7,871,952
2028		<u>7,871,952</u>
	\$	<u>34,173,698</u>

20. Financial Instrument Risks

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 Organization's exposure to concentration of credit risk arising from accounts receivables are from corporate sponsors that are part of a diverse sponsorship base.



20. Financial Instrument Risks (continued)

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 bank indebtedness, accounts payable and accrued liabilities, other liabilities and provisions and commitments.

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.

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.

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 and the cashflow arising from its floating rate bank indebtedness.

Other Price Risk

Other price risk is the uncertainty associated with the fair value or future cash flows of a financial instrument that fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk). The Organization is exposed to this risk through its equity holdings within its investment portfolio. Bond funds hold a diversified mix of 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. These risks have not changed from the prior year.



21. Subsequent Event

On July 13, 2023, the Organization sold long-term investments with proceeds on disposition totalling \$5 million. On October 16, 2023, the Organization further sold long-term investments for proceeds totalling \$10 million. The proceeds on disposition were used to fund working capital for the Organization as well as paying certain vendors including insurance premiums and hosting fees to the International Ice Hockey Federation.



Schedule of Sport Canada Funded Revenue and Expenses
(unaudited)

For the year ended June 30

2023

Mainstream Athletes

Revenue	\$ 3,066,600
Expenses	
Core:	
Administration costs	3,951,778
Governance	902,698
Staff Salaries	8,892,539
Coaching salaries and professional development	409,500
National team programs	2,718,041
Operations and programming	3,863,313
	<u>20,737,869</u>
Non-Core:	
Official languages	347,245
Enhanced Excellence	8,160,203
Next Generation Initiative	909,220
	<u>9,416,668</u>
Deficiency of revenue over expenses for mainstream athletes	\$ (27,087,937)

Athletes with a Disability

Revenue	\$ 1,127,000
Expenses	
Core:	
Administration costs	14,799
Governance	-
Staff Salaries	90,000
Coaching salaries and professional development	-
National team programs	328,809
Operations and programming	50,364
	<u>483,972</u>
Non-Core:	
Official languages	9,191
Enhanced Excellence	947,416
Next Generation Initiative	220,452
	<u>1,177,059</u>
Deficiency of revenue over expenses for mainstream athletes	\$ (534,031)