

SEMIAHMOO MINOR HOCKEY ASSOCIATION
Financial Statements
Year Ended March 31, 2021



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Semiahmoo Minor Hockey Association

We have reviewed the accompanying financial statements of Semiahmoo Minor Hockey Association (the Association) that comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Semiahmoo Minor Hockey Association as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Other Matter

The financial statements of Semiahmoo Minor Hockey Association for the year ended March 31, 2020 were reviewed by another practitioner who expressed an unmodified conclusion on those financial statements on September 2, 2020.

Surrey, BC
August 4, 2021



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

SEMAIHMUO MINOR HOCKEY ASSOCIATION
Statement of Financial Position
March 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 291,176 | \$ 166,869 |
| Accounts receivable | 48,731 | 28,240 |
| Prepaid expenses | 9,953 | 8,944 |
| | 349,860 | 204,053 |
| CAPITAL ASSETS (Note 3) | - | 89 |
| | \$ 349,860 | \$ 204,142 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 19,308 | \$ 14,564 |
| Deferred revenue (Notes 4, 10) | 72,250 | 34,236 |
| | 91,558 | 48,800 |
| LONG TERM DEBT (Note 5) | 40,000 | - |
| | 131,558 | 48,800 |
| NET ASSETS | | |
| Unrestricted | 218,302 | 155,253 |
| Invested in capital assets | - | 89 |
| | 218,302 | 155,342 |
| | \$ 349,860 | \$ 204,142 |

COMMITMENTS (Note 6)

Approved by the Board of Directors on behalf of Members on August 4, 2021


 _____ Director

 _____ Director

The accompanying notes are an integral part of these financial statements

SEMAIHMUO MINOR HOCKEY ASSOCIATION
Statement of Revenues and Expenses
Year Ended March 31, 2021

| | 2021 | 2020 |
|---|------------------|--------------------|
| REVENUES | | |
| Registration | \$ 878,519 | \$ 855,145 |
| Hockey schools and clinics | 122,146 | 150,377 |
| Tournaments | - | 55,221 |
| Fundraising and sponsorship | 80,714 | 83,196 |
| Interest, investment and other income | 2,247 | 8,489 |
| | <u>1,083,626</u> | <u>1,152,428</u> |
| HOCKEY OPERATION EXPENSES | | |
| Association memberships (PCAHA and Hockey BC membership fees) | 49,213 | 88,217 |
| Awards, banquet, trophies and scholarships | 5,500 | 6,203 |
| Fundraising and sponsorship | 12,880 | 7,228 |
| Hockey equipment | 2,185 | 19,853 |
| Hockey schools, clinics, tryouts and skills providers | 357,223 | 346,726 |
| Ice rental (Note 7) | 575,206 | 625,796 |
| Referees | 10,399 | 43,835 |
| Tournaments | - | 39,212 |
| | <u>1,012,606</u> | <u>1,177,070</u> |
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Advertising and promotion | 547 | 3,241 |
| Amortization | 90 | 36 |
| Bad debts | 5,010 | - |
| Bank charges and interest | 1,031 | 26,773 |
| Insurance | 1,297 | 1,792 |
| Meetings and conventions | 45 | 4,255 |
| Office and general | 10,492 | 10,608 |
| Professional fees | 7,925 | 7,278 |
| Rent and occupancy costs (Note 6) | 57,793 | 47,847 |
| Repairs and maintenance | 811 | 245 |
| Wages and benefits | 121,431 | 118,583 |
| Website | 4,619 | 4,643 |
| | <u>211,091</u> | <u>225,301</u> |
| DEFICIENCY OF REVENUES OVER EXPENSES BEFORE OTHER INCOME | <u>(140,071)</u> | <u>(249,943)</u> |
| OTHER INCOME | | |
| Direct access grants (Note 8) | 157,500 | 150,000 |
| Government assistance (Note 10) | 45,531 | - |
| | <u>203,031</u> | <u>150,000</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>\$ 62,960</u> | <u>\$ (99,943)</u> |

The accompanying notes are an integral part of these financial statements

SEMAIHMUO MINOR HOCKEY ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2021

| | Unrestricted | Invested in Capital Assets | 2021 | 2020 |
|--|-------------------|-------------------------------|-------------------|-------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 155,253 | \$ 89 | \$ 155,342 | \$ 255,285 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | 63,049 | (89) | 62,960 | (99,943) |
| NET ASSETS - END OF YEAR | \$ 218,302 | \$ - | \$ 218,302 | \$ 155,342 |

The accompanying notes are an integral part of these financial statements

SEMAIHMUO MINOR HOCKEY ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over general and administrative expenses | \$ 62,960 | \$ (99,943) |
| Items not affecting cash: | | |
| Amortization of capital assets | 89 | 36 |
| Forgivable portion of CEBA loan | <u>(20,000)</u> | <u>-</u> |
| | <u>43,049</u> | <u>(99,907)</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (20,491) | 3,558 |
| Accounts payable and accrued liabilities | 5,690 | (13,918) |
| Prepaid expenses | (1,009) | (8,944) |
| Employee deductions payable | (946) | 946 |
| Deferred revenue | <u>38,014</u> | <u>34,236</u> |
| | <u>21,258</u> | <u>15,878</u> |
| Cash flow from (used by) operating activities | <u>64,307</u> | <u>(84,029)</u> |
| FINANCING ACTIVITY | | |
| Proceeds from long term financing | <u>60,000</u> | <u>-</u> |
| INCREASE (DECREASE) IN CASH FLOW | 124,307 | (84,029) |
| Cash - beginning of year | <u>166,869</u> | <u>250,898</u> |
| CASH - END OF YEAR | \$ 291,176 | \$ 166,869 |

The accompanying notes are an integral part of these financial statements

SEMAIHM00 MINOR HOCKEY ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE ASSOCIATION

Semiahmoo Minor Hockey Association (the "Association") was incorporated under the Society Act of British Columbia on March 11, 1974, is a non-profit organization and thus is exempt from income tax under the Income Tax Act (the "Act"). However, certain property income may be taxable under Subsection 149(5) of the Act, as this subsection creates taxation on certain property income of a non-profit organization where its main purpose is to provide dining, recreational or sporting facilities for its members.

In order to maintain its status as a not-for-profit organization under the Act, the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The Association's primary purpose is to create and encourage an active interest in minor hockey in the cities of White Rock and South Surrey.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash

Cash consists of cash on hand, cash on deposit and cheques issued and outstanding.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period 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 collection is reasonably assured.

The Association recognizes registration fees over the period of registration, with fees paid in advance as deferred revenue until accreted into income over the registration term.

Investment income and other revenue is recognized in the period it is earned.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

| | |
|------------------------|------------------------------|
| Computer equipment | 30% declining balance method |
| Furniture and fixtures | 20% declining balance method |

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SEMIAHMOO MINOR HOCKEY ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the period in which they become known.

Contributed materials and services

Contributions of materials and services are recognized in the statement of revenues and expenses when a fair value can be reasonably estimated and when the services are used in the normal course of the Association's operations and would otherwise have been purchased. If such contributions do not have a fair value that can be readily determined, the contributions are not recognized in the financial statements.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the period. All financial assets and liabilities are subsequently recognized at amortized cost with transaction costs and financing fees added to the carrying amount of the financial instrument.

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SEMAIHMUO MINOR HOCKEY ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial asset impairment

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the period. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flow expected to be generated by holding the assets; the amount that could be realized by selling the assets; 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 period excess of revenues over expenses.

The Association 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 revenues over expenses in the period the reversal occurs.

Government assistance

Government assistance is recorded when there is a reasonable assurance that the Association has complied with and will continue to comply with, all the necessary conditions to obtain the assistance.

3. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2021 Net book value | 2020 Net book value |
|------------------------|------------------|-----------------------------|---------------------------|---------------------------|
| Computer equipment | \$ 11,884 | \$ 11,884 | \$ - | \$ 74 |
| Furniture and fixtures | 8,084 | 8,084 | - | 15 |
| | <u>\$ 19,968</u> | <u>\$ 19,968</u> | <u>\$ -</u> | <u>\$ 89</u> |

SEMAIHMUO MINOR HOCKEY ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

4. DEFERRED REVENUE

Deferred revenue represents payments for services yet to have been provided by the Association and are recognized into income upon provision of the services.

| | <u>2021</u> | <u>2020</u> |
|---|-----------------|---------------|
| Balance, beginning of the year | \$ 34,236 | \$ - |
| Add: amounts received during the year | 72,250 | 34,236 |
| Less: amounts recognized as revenue during the year | <u>(34,236)</u> | <u>-</u> |
| Balance, end of the year | <u>72,250</u> | <u>34,236</u> |

5. LONG TERM DEBT

Canada Emergency Business Account ("CEBA") loan (Note 10 - government assistance). The loan is an interest free loan if it is repaid by December 31, 2022. If the loan is not repaid in full by December 31, 2022, the remaining balance plus the forgivable portion of \$20,000 will be converted to a 3 year term loan bearing interest at 5% per annum. The loan matures on December 31, 2025.

Amounts payable within one year

| | <u>2021</u> | <u>2020</u> |
|--|------------------|-------------|
| | \$ 40,000 | \$ - |
| | <u>-</u> | <u>-</u> |
| | <u>\$ 40,000</u> | <u>\$ -</u> |

6. COMMITMENTS

The Association has entered into a lease for office premises, which expires on April 30, 2022. The annual lease expenses is approximately \$51,472.

The Association has also entered into a sponsorship agreement with its landlord for an amount equal to the rent expense. The sponsorship agreement expires the same date as the premise lease expires. The net of the sponsorship revenue and rent expense is \$Nil.

SEMAIHMUO MINOR HOCKEY ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

7. ICE RENTAL

| | 2021 | 2020 |
|---------------------|-------------------|-------------------|
| Excellent Ice | \$ 215,920 | \$ 205,040 |
| Great Pacific Forum | 172,126 | 231,717 |
| South Surrey | 209,938 | 260,110 |
| White Rock | 114,402 | 90,680 |
| Recoveries | (137,180) | (161,751) |
| | <u>\$ 575,206</u> | <u>\$ 625,796</u> |

8. DIRECT ACCESS GRANT

The Association received Community Gaming Grants from the Ministry of Municipal Affairs and Housing totaling \$150,000 (2020 - \$150,000).

The Association received a Sport-Related Grant from viaSport British Columbia Society totaling \$7,500 (2020 - \$Nil).

9. FINANCIAL INSTRUMENTS

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, 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. The Association's main credit risk relate to its accounts receivables. The Association provides credit to its clients in the normal course of its operations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates.

SEMAIHMUO MINOR HOCKEY ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

10. GOVERNMENT ASSISTANCE

In response to the economic impact of the coronavirus, also known as "COVID-19", the Government of Canada implemented several emergency response measures.

The Canada Emergency Wage Subsidy program ("CEWS") provides a wage subsidy to employers based on eligible remuneration and a corresponding decline in revenue based on specific criteria. The Association has assessed its eligibility related to CEWS and has determined they qualify for the periods April 12, 2020 to March 13, 2021 in the amount of \$35,531. The CEWS has been presented as government assistance on the Statement of Revenues and Expenses. The Association intends to apply for the CEWS in subsequent periods, subject to a continuing assessment to determine eligibility under the criteria set out by the Government of Canada.

Canada Emergency Business Account ("CEBA") provides a \$60,000 loan to eligible organizations provided they meet specific criteria in relation to eligible wages or eligible non-deferrable expenses. The Association has assessed its eligibility related to the CEBA loan and has determined they qualify. The CEBA loan provides for 33.33% (\$20,000) of the principal to be forgiven at December 31, 2022 provided the remainder of the loan has been repaid in full (\$40,000). The Association has recognized \$10,000 in other income and \$10,000 as deferred revenue for the forgivable portion of the loan.

11. BRITISH COLUMBIA SOCIETIES ACT

The British Columbia Societies Act requires disclosure of remunerations greater than \$75,000 annually for employees and contractors. During the year, the Association remunerated one employee, and one contractor providing hockey development services, in excess of \$75,000. The total amount paid to the employee and contractor for the year was \$351,900 (2020 - \$345,900).

12. ONGOING HEALTH CRISIS

The outbreak of COVID-19 has spread across the globe and is impacting worldwide economic activity. As at the date of the review engagement report, the Association has not experienced any adverse changes in cash flows and working capital levels, however the current economic climate may lead to adverse changes in the future. The extent to which the coronavirus may impact the Association's activities in the future will depend on the ultimate duration of the outbreak and the impact on the economy. These events are highly uncertain and as such, the Association cannot determine their financial impact, if any, at this time.
