

**OKOTOKS OILERS ATHLETIC ASSOCIATION**

**FINANCIAL STATEMENTS**

**May 31, 2023**

# **OKOTOKS OILERS ATHLETIC ASSOCIATION**

## **TABLE OF CONTENTS**

**May 31, 2023**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Okotoks Oilers Athletic Association

### *Qualified Opinion*

We have audited the financial statements of Okotoks Oilers Athletic Association (the Association), which comprise the statement of financial position as at May 31, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at May 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

Because we were appointed auditor of the Association during the current year, we were not able to observe the counting of physical inventories at the beginning of the year nor satisfy confirm those inventory quantities by alternative means. Since opening inventories impact the results of its operations and cash flows, we were unable to determine whether adjustments to net income for the year, opening retained earnings and cash from operations might be necessary.

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 Association in accordance with 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 qualified audit opinion.

### *Other Matter*

The financial statements for the year ended May 31, 2022 were prepared by another practitioner and are unaudited.

### *Emphasis of Matter - Comparative Information*

We draw attention to Note 1 to the financial statements which describes that Okotoks Oilers Athletic Association adopted ASNPO on June 1, 2022 with a transition date of June 1, 2021. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at May 31, 2022 and June 1, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended May 31, 2022 and related disclosures. Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

### *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 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.

(continues)

## Independent Auditor's Report to the Members of Okotoks Oilers Athletic Association (*continued*)

In preparing the financial statements, management is responsible for assessing the 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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 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.

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.

Edmonton, Alberta  
November 15, 2023

*Givens LLP*

Givens LLP  
Chartered Professional Accountants

---

**OKOTOKS OILERS ATHLETIC ASSOCIATION****STATEMENT OF FINANCIAL POSITION**

	May 31, 2023	May 31, 2022 (Unaudited)	June 1, 2021 (Unaudited)
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash (Note 3)	\$ 216,444	\$ 164,338	\$ 247,269
Accounts receivable	31,600	4,000	-
Inventory	25,550	11,686	-
Prepaid expenses	17,841	153,225	28,934
	<u>291,435</u>	<u>333,249</u>	<u>276,203</u>
<b>PROPERTY AND EQUIPMENT (Note 4)</b>	<u>31,545</u>	<u>23,640</u>	<u>-</u>
	<u>\$ 322,980</u>	<u>\$ 356,889</u>	<u>\$ 276,203</u>

---

**LIABILITIES**

<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$ 11,505	\$ 5,376	\$ 5,112
Deposits	<u>4,000</u>	<u>-</u>	<u>-</u>
	15,505	5,376	5,112
<b>DEFERRED REVENUE (Note 5)</b>	<u>43,521</u>	<u>44,018</u>	<u>9,287</u>
	59,026	49,394	14,399

**FUND BALANCES**

<b>UNRESTRICTED</b>	<u>263,954</u>	<u>307,495</u>	<u>261,804</u>
	<u>\$ 322,980</u>	<u>\$ 356,889</u>	<u>\$ 276,203</u>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Member \_\_\_\_\_ Member

See Accompanying Notes

---

**OKOTOKS OILERS ATHLETIC ASSOCIATION****STATEMENT OF OPERATIONS**

For the year ended May 31,

2023

2022

(Unaudited)

---

**REVENUES**

Registrations	\$	545,143	\$	413,151
Showcase revenue		52,913		58,117
Other income		38,935		36,256
Tournament revenue		14,500		25,200
Casino revenue		36,760		10,912
		<u>688,251</u>		<u>543,636</u>

**EXPENDITURES**

Amortization		21,683		11,820
Coach & training expense		8,476		16,860
Tryout, skills and conditioning camp expense		106,817		79,547
Interest and bank charges		10,371		10,774
Awards and scholarships		8,087		18,248
Provincial entry fees		2,500		2,500
Office		10,016		14,318
Showcase expenses		36,259		21,690
Professional fees		28,935		54,190
Ice and facility rental		3,689		1,492
Repairs and maintenance		239,442		-
Casino Expenses		30		18,324
Equipment and apparel		29,260		51,195
Coach director, register and ice scheduler		91,031		78,180
Software and licenses		4,794		8,337
		<u>601,390</u>		<u>387,475</u>

Transfer fees paid

(130,402)      (110,470)731,792      497,945**(DEFICIENCY) EXCESS OF REVENUES OVER  
EXPENDITURES FOR THE YEAR**\$ (43,541)      \$ 45,691

See Accompanying Notes

---

**OKOTOKS OILERS ATHLETIC ASSOCIATION****STATEMENT OF CHANGES IN FUND BALANCES**For the year ended May 31, 2023

---

	Total 2023	Total 2022 (Unaudited)
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 307,495	\$ 261,804
(Deficiency) excess of revenues over expenditures	<u>(43,541)</u>	<u>45,691</u>
<b>BALANCE, END OF YEAR</b>	<u>\$ 263,954</u>	<u>\$ 307,495</u>

See Accompanying Notes

---

**OKOTOKS OILERS ATHLETIC ASSOCIATION****STATEMENT OF CASH FLOWS**

For the year ended May 31,

2023

2022

(Unaudited)

---

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash receipts from customers	\$ 664,154	\$ 574,367
Cash paid to suppliers and employees	<u>(582,461)</u>	<u>(621,838)</u>
	81,693	(47,471)

**CASH FLOWS FROM INVESTING ACTIVITY**

Purchase of property and equipment	<u>(29,587)</u>	<u>(35,460)</u>
------------------------------------	-----------------	-----------------

**NET INCREASE (DECREASE) IN CASH AND CASH  
EQUIVALENTS**

52,106 (82,931)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**164,338 247,269**CASH AND CASH EQUIVALENTS, END OF YEAR**\$ 216,444 \$ 164,338

See Accompanying Notes

---

# OKOTOKS OILERS ATHLETIC ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2023

---

Okotoks Oilers Athletic Association (the "Association") was incorporated as a not-for-profit association on May 8, 1996 under the Societies Act of the Province of Alberta. The Association is dedicated to promoting and governing the sport of minor hockey. As a not-for-profit entity, the Association is exempt from tax under the Income Tax Act.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and term deposits with maturities of less than one year from the date of acquisition.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the specific item method.

(c) Property and equipment

Purchased property and equipment are recorded at cost and are being amortized over their estimated useful lives on a straight-line method. The annual amortization rate is as follows:

Jersey's	3 years
----------	---------

(d) 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 collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(e) Contributed materials and services

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

---

# OKOTOKS OILERS ATHLETIC ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2023

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (f) Accounting estimates

The preparation of financial statements in accordance 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 amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### (g) Financial instruments

The Association follows the Canadian Institute of Chartered Accountants' accounting standards for private enterprises - Section 3856, Financial Instruments - to account for its financial instruments.

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net revenue.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenues.

The Association designated no financial assets or financial liabilities to be measured at fair value.

#### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net revenue.

#### Transaction costs

The Association recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance, or assumption.

---

# OKOTOKS OILERS ATHLETIC ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2023

---

### 2. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

The Association has elected to apply the standards in Part III of the CPA Canada Handbook for not-for-profit organizations in accordance with Canadian accounting standards for non-profit organizations.

These financial statements are the first financial statements for which the entity has applied Canadian accounting standards for not-for-profit organizations hereafter referred to as "ASNPO".

The financial statements for the year ended May 31, 2023 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION BY NOT-FOR-PROFIT ORGANIZATIONS, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statements for the current or previous year end.

Elective exemptions used in the transition to Canadian accounting standards for not-for-profit organizations

### 3. CASH

	May 31, 2023	May 31, 2022	June 1, 2021
		(Unaudited)	(Unaudited)
Cash	\$ 107,515	\$ 120,320	\$ 238,999
Restricted cash	7,429	44,018	8,270
Guaranteed investment certificates	101,500	-	-
	<u>\$ 216,444</u>	<u>\$ 164,338</u>	<u>\$ 247,269</u>

The guaranteed investment certificate matures in August 2023, and bears interest at the rate of 2%.

Restricted cash is related to the casino and are subject to restrictions imposed by the Alberta Gaming and Liquor Commission.

### 4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	May 31, 2023 Net	May 31, 2022 Net	June 1, 2021 Net
				(Unaudited)	(Unaudited)
Jersey's	<u>\$ 65,048</u>	<u>\$ 33,503</u>	<u>\$ 31,545</u>	<u>\$ 23,640</u>	<u>\$ -</u>

---

**OKOTOKS OILERS ATHLETIC ASSOCIATION****NOTES TO FINANCIAL STATEMENTS**For the year ended May 31, 2023

---

**5. DEFERRED REVENUE**

	May 31, 2023	May 31, 2022 (Unaudited)	June 1, 2021 (Unaudited)
Casino	\$ 7,429	\$ 44,018	\$ 8,287
U18 AAA Raiders surplus fund	12,040	-	1,000
Financial assistance fund	17,052	-	-
Mental health fund	7,000	-	-
	<u>\$ 43,521</u>	<u>\$ 44,018</u>	<u>\$ 9,287</u>

**6. CAPITAL MANAGEMENT**

The Association defines capital as net assets plus deferred contributions. The Society receives the majority of these operating and capital funds from registration fees and fundraising events.

The Association manages its capital structure and makes the adjustments to it based on the funds available to the Association in order to support its ongoing programs and operations. The Association is not subject to any capital requirements with respect to operating funding. Funding received for designated purposes and casino revenues must be used for the purposes outlined by the funding party or in compliance with regulations of Alberta Gaming and Liquor Commission.

As at May 31, 2023, the Society complied with the external restrictions on all external funding provided.

**7. FINANCIAL INSTRUMENTS**

The Association is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Association's risk exposure at year end:

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty meeting its obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable. In the opinion of management, the liquidity risk exposure to the Association is low and is not material.

---

# OKOTOKS OILERS ATHLETIC ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2023

---

### 7. FINANCIAL INSTRUMENTS (Continued)

#### 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 risks relate to its account receivables. In the opinion of management, the credit risk exposure to the Association is low and is not material.

#### Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association has no foreign currency transactions and therefore is not exposed to currency risk.

#### Interest rate risk

The Association is exposed to interest rate risk due to the variable rate interest on their cash and restricted cash accounts. Changes in the rates may cause fluctuations in cash flows and interest income.

#### Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is not exposed to other price risk.