

2021 Treasurers Report

It is my pleasure to provide a year-end Treasurer's report. Please find attached The Year End Financial Statements for the fiscal Year ending May 31, 2021 which I will comment on during this report.

As a brief background I am a Chartered Accountant. I was an Audit Partner in an International Accounting Firm until 1978 when I left to go into business for myself. I specialize in the Acquisition and Sale of Companies employing at times over 5000 employees throughout the world.

My first task in assuming the position of Treasurer was to review prior years financial statements, budgeting and internal controls. My findings were as follows:

1. There had never been an audit completed nor there had been any financial statements prepared by an outside accounting firm. This is of course very concerning as an audit is an absolute requirement of The Societies Act Of Alberta and our Association By-Laws. As is noted later in the report, a provision has been made in the current financial statements to have an Audit completed to bring us into compliance. The problem for the current financial statements is instead of reflecting a profit for the year it brings it to a deficit as these costs must be accrued in this fiscal period.
2. The internal financial statements that had been prepared and presented in the past had a material misstatement. There was a receivable set up for GST refunds in the amount of \$35,000. The Association is not able to claim GST refunds. As a result, the income was overstated by this amount in prior years. These amounts have been adjusted in the current financial statements.
3. Casino Income is crucial for the Association. The accumulated funds essentially have arisen from Casino Nights which gives the Association the ability to buy Jerseys, Socks and other equipment. It reduces the annual expense to parents. We were scheduled to have had a Casino this year which was cancelled due to Covid. However, we were still able to purchase the required equipment.
4. Internal Control over cash was very lacking. I have instituted on a go forward basis internal controls such that all cash and expenses up to Team Formation comes through the Association.
5. There were teams with substantial balances in their accounts that were not known to the Association Treasurer. We now close all accounts at year end so that we have visibility over all funds that the Treasurer of the Association is responsible. The financial records for each team is now reviewed at the end of the year.
6. There were people that were signatories to accounts that were not members of the Association. This obviously is problematic as the Association has not any control over members who are not members.
7. OOAA and OMHA started preliminary discussions this year as to a merger of the Associations which I believe is ongoing. There is no question from a financial perspective there are duplication in costs between the Associations. There are of course many other financial considerations that will have to be considered as to whether the substantial assets of OOAA can in fact be legally transferred or should there be a refund to the past families that worked to accumulate those funds. We could potentially lose our Casino license as a result. As noted this

provides the Association access to a very large source of funds that serve to keep the costs down for families. I raise this in my report as no one can simply say that we will merge the Associations without considering the financial aspects as well as other serious considerations of mixing Community and Elite Hockey. I would hope that when the members come to vote on this that all financial considerations are addressed.

8. There were no formal budgets prepared or approved at the outset of each year. As a result, I have started a formalized budget program.
9. There were not consistent monthly statements as to the current affairs of the Association presented to the Board for review. Monthly statements are now prepared.

It was an exceedingly difficult year to navigate financially with the starts and stops to the season. It seemed that weekly we were trying to adjust the budget to reflect the ever-changing Covid situation. However, as can be seen we were able to maintain a strong financial balance sheet. We were scheduled to hold a Casino this year but had to forego it due to Covid. This normally would have brought in \$40k to \$50k which would have made this year the most successful financial fiscal year in the history of the Association. Despite this, as reflected on the attached balance sheet, we were able to purchase uniforms, socks, cameras as well as fund some significant programs while holding our cash position steady. I compliment the Board on their tight approach to expenditures and programs.

As can be seen on the attached profit and loss statement Revenue increased 15% (\$40k) over the previous year largely due to increased fees received from OMHA which comes from Registrations.

Expenses increased 30% (\$70k). The primary increases are:

-there has been a provision for Audit Fees of \$25k. As explained earlier an audit is required under the Societies Act of Alberta as well as our By Laws. The reason for the large amount as there has never been an Audit completed in past years the Auditors will have to Audit the opening numbers as well as the closing numbers which in essence is a two-year Audit. We will of course try to minimize these costs, but it is a requirement that must be fulfilled.

-Training and Conditioning Camp costs increased by \$22k because of all the Covid rules requiring cohort groups, social distancing etc. which increased the number of sessions which increased ice costs, trainer costs and evaluation costs.

-We paid out to the teams an additional \$10k in transfer fees to try to ease the burden on the teams

-Coaching fees increased by \$23k as a Coaching Director position was created for the organization. I found it very interesting in that in the past we paid our Trainers \$125,000 and the most important people to our program the coaches \$58,000. This has been addressed in next years budget.

Legal fees increased by \$7000 largely due to an ongoing Code and Conduct investigation that is being conducted by outside agencies. The ultimate cost and outcome is not known at this point such that a legal accrual has been made to cover legal fees.

As a result, we ended with deficit of \$12,134.64 largely from the requirement of an Audit accrual.

Despite the stresses of Covid this year it was my pleasure to have worked with so many great people this year. The Board, managers and treasurers of each team were very responsive. Unfortunately, due to

personal time constraints, I will be not putting my name forward for election. It is my opinion that the Association is on a good path forward. I wish the Association well in their future endeavors. I will of course be available if required from time to time.

Respectively submitted

Bob Thompson