

Financial Statements of

**KIDSPORT CANADA**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Directors of KidSport Canada

### ***Qualified Opinion***

We have audited the financial statements of KidSport Canada (the "Entity"), which comprise the statements of financial position as at December 31, 2022, the statements of operations and changes in fund balances and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our auditor's report, the financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, 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 Qualified Opinion***

In common with many non-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

the current assets reported in the statements of financial position as at December 31, 2022 and 2021

- the fundraising revenue and excess of revenue over expenditures reported in the statements of operations for the years ended December 31, 2022 and 2021.
- the fund balances, at the beginning and end of the year, reported in the statements of changes in fund balances for the year ended December 31, 2022 and 2021.
- the excess of revenue over expenditures reported in the statements of cash flows for the years ended December 31, 2022 and 2021.

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 Entity 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 qualified opinion.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Winnipeg, Canada

June 6, 2023

**KIDSPORT CANADA**

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 4,701,240	\$ 1,893,347
Short-term investments (note 3)	300,000	300,000
Accounts receivable	299,690	285,342
GST/HST receivable	8,365	2,795
Prepaid expenses	29,120	18,167
Due from Sport Manitoba (note 4)	-	454,860
	<u>\$ 5,338,415</u>	<u>\$ 2,954,511</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,851,017	\$ 508,504
Deferred revenue	771,121	100,000
	<u>2,622,138</u>	<u>608,504</u>
Fund balances:		
Unrestricted – general fund	1,107,940	925,232
Internally restricted – provincial chapter fund	1,479,588	1,308,830
Externally restricted – specific projects fund (note 6)	128,749	111,945
	<u>2,716,277</u>	<u>2,346,007</u>
	<u>\$ 5,338,415</u>	<u>\$ 2,954,511</u>

See accompanying notes to financial statements.

On behalf of the Board:


  
 \_\_\_\_\_ Director


  
 \_\_\_\_\_ Director

# KIDSPORT CANADA

## Statement of Operations and Changes in Fund Balances

Year ended December 31, 2022, with comparative information for 2021

	General Fund	(Schedule 2) Provincial Chapter Fund	Specific Projects Fund	Total 2022	Total 2021
<b>Revenue:</b>					
Donations	\$ 644,400	\$ 1,797,023	\$ 182,666	\$ 2,624,089	\$ 2,122,935
Government and foundation grants	2,047,063	394,333	–	2,441,396	354,211
Sport Canada –					
Community Sport for All Initiative (CSAI)	3,201,544	–	–	3,201,544	–
Corporate support	360,953	–	–	360,953	450,207
Interest and other	26,780	44,281	–	71,061	14,689
Canada Emergency Wage Subsidy	–	1,385	–	1,385	39,543
Licensing fees	11,000	–	–	11,000	11,000
	6,291,740	2,237,022	182,666	8,711,428	2,992,585
<b>Expenditures:</b>					
Program grants	2,715,460	1,663,515	165,862	4,544,837	2,447,917
CSAI Program grants and administration	3,201,544	–	–	3,201,544	–
Human resources and contract services	122,828	110,225	–	233,053	305,636
Administration and governance	37,885	186,709	–	224,594	78,021
Marketing and promotion	15,223	105,815	–	121,038	16,486
Website, database and fundraising development	15,965	–	–	15,965	12,069
Other languages	127	–	–	127	4,988
Safe Sport	–	–	–	–	4,453
	6,109,032	2,066,264	165,862	8,341,158	2,869,570
Excess of revenue over expenditures	182,708	170,758	16,804	370,270	123,015
Fund balances, beginning of year	925,232	1,308,830	111,945	2,346,007	2,222,992
<b>Fund balances, end of year</b>	<b>\$ 1,107,940</b>	<b>\$ 1,479,588</b>	<b>\$ 128,749</b>	<b>\$ 2,716,277</b>	<b>\$ 2,346,007</b>

See accompanying notes to financial statements.

**KIDSPORT CANADA**

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 370,270	\$ 123,015
Item not affecting cash:		
Amortization	–	1,604
	370,270	124,619
Changes in non-cash working capital items:		
Accounts receivable	(14,348)	(109,551)
GST/HST receivable	(5,570)	9,993
Prepaid expenses	(10,953)	(5,309)
Accounts payable and accrued liabilities	1,342,513	176,378
Deferred revenue	671,121	84,937
	2,353,033	281,067
Financing:		
Due from Sport Manitoba	454,860	(9,389)
Investing:		
Purchase of short-term investments	–	(86,388)
Increase in cash	2,807,893	185,290
Cash, beginning of year	1,893,347	1,708,057
Cash, end of year	\$ 4,701,240	\$ 1,893,347

See accompanying notes to financial statements.

# KIDSPORT CANADA

Notes to Financial Statements

Year ended December 31, 2022

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## 1. Basis of presentation:

KidSport Canada ("KSC") is a Registered Canadian Amateur Athletic Association ("RCAAA") under the Income Tax Act, and as such, has the authorization to issue tax donations receipts and is not subject to income tax. KSC is incorporated under the Canada Not-for-Profit Corporations Act.

KSC's mission is to raise financial resources to enable underprivileged children an opportunity to participate in organized sport.

## 2. Summary of significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

### (a) Fund accounting:

KSC maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

KSC has the following funds:

- (i) The General fund reports the assets, liabilities, revenue and expenditures related to KSC's operating activities. Funding from all sources, including donations, grants, fee revenue and corporate support that is not specifically designated by donors is included in this fund.
- (ii) The Provincial Chapter fund reports the assets, liabilities, revenue and expenditures related to restricted revenue received for KSC's provincial chapters across Canada.
- (iii) The Specific Projects fund reports the assets, liabilities, revenue and expenditures related to funding received from third parties designated to be spent on specific projects. Specific projects include social development programs, food bank projects, the Wendy Ladner-Beaudry Memoriam and the Give the Gift of Sport funds.
- (iv) The Capital Asset fund reports the assets, liabilities, revenue and expenditures related to KSC's capital asset acquisitions, disposals and amortization.



# KIDSPORT CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 2. Significant accounting policies (continued):

### (b) Capital assets:

Capital assets are carried at cost less accumulated amortization. Amortization is calculated annually as follows:

Assets	Rate
Computer equipment	3 years straight-line
Computer software	100% declining balance

### (c) Revenue recognition:

KSC follows the restricted fund method of accounting for contributions. Unrestricted donations, corporate support and government and corporate grants are recorded as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted revenue is recognized as revenue of the appropriate restricted fund in the year in which such revenue is received. If there is no appropriate restricted fund, the revenue is recorded as deferred revenue and recognized in the General fund in the year in which the related expenditures are incurred.

Gift in kind donations are valued at their fair market value when received.

Licensing fees, interest and other revenue are recognized as earned.

Government assistance related to current expenses is included in the determination of revenue for the year when the related expenditures are incurred. A liability to repay government assistance, if any, is recorded in the period in which the conditions arise that causes the assistance to become repayable.

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. KSC has elected to carry its marketable securities and investments at fair value.

# KIDSPORT CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 2. Significant accounting policies (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expenses as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, KSC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount KSC expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

## 3. Short-term investments:

Short-term investments relate to a guaranteed investment certificate that earns interest at a rate of 3.35% (2021 - 0.30%) and matures in January 2023.

## 4. Due from Sport Manitoba:

Sport Manitoba, along with all member Provincial and Territorial Sport Federations, nominate staff or representatives to be elected as Board members of KSC and thus is a related party to KSC. The balance due from Sport Manitoba is non-interest bearing and due on demand. At December 31, 2022 the balance due was nil (2021 - 454,860).

# KIDSPORT CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 5. Capital assets:

			2022		2021	
	Cost	Accumulated depreciation	Net book value		Net book value	
Computer equipment	\$ 11,136	\$ 11,136	\$ –	\$	–	–
Computer software	56,002	56,002	–		–	–
	\$ 67,138	\$ 67,138	\$ –	\$	–	–

## 6. Externally restricted – specific projects funds:

	January 1, 2022	Revenue	Expenditures	December 31, 2022
Wendy Ladner-Beaudry Memoriam	\$ 11,965	\$ –	\$ –	\$ 11,965
Give the Gift of Sport	85,261	182,666	165,862	102,065
Other one-time community projects	14,719	–	–	14,719
	\$ 111,945	\$ 182,666	\$ 165,862	\$ 128,749

The Wendy Ladner-Beaudry Memoriam fund is restricted to provide funding support for research, community engagement and early physical literacy in sport.

The Give the Gift of Sport fund is an annual campaign to raise funds for grants to the Provincial Chapters. National designated donations remain in this fund to cover expenses for future campaign expenses or for Board approved specific projects.

## 7. Financial instruments:

KSC has exposure to the following risks associated with its financial instruments:

### (a) Credit risk

Credit risk refers to the risk that a counterpart may default on its contractual obligations resulting in a financial loss. KSC is exposed to credit risk with respect to its accounts receivable and GST/HST receivable balances.

# KIDSPORT CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 7. Financial instruments (continued):

KSC reduces its exposure to credit risk by monitoring credit risk, adopting policies and procedures to ensure credit is only provided to credit worthy individuals and creating an allowance for doubtful accounts when appropriate. As at December 31, 2022, the allowance for doubtful accounts is nil (2021 - nil). As a result, it is management's opinion that KSC is not exposed to significant credit risk arising from its financial instruments.

### (b) Liquidity risk

Liquidity risk is the risk that KSC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. KSC is exposed to liquidity risk mainly in respect to its accounts payable.

KSC manages liquidity risk by monitoring its operating requirements. KSC prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose KSC to cash flow interest risk.

KSC's exposure to interest rate price risk is limited to its fixed interest short-term investments. KSC's interest rate cash flow risk is limited to its variable interest bearing investments.

There have been no significant changes to the above noted risk exposure from 2021.

**KIDSPORT CANADA**

Schedule 1 to the Financial Statements

Year ended December 31, 2022

	General Fund	Provincial Chapter Fund	Specific Projects Fund	Total 2022
<b>Assets</b>				
Current assets:				
Cash	\$ 1,522,665	\$ 3,049,826	\$ 128,749	\$ 4,701,240
Short-term investments	300,000	—	—	300,000
Accounts receivable	168,220	131,470	—	299,690
GST/HST receivable	5,566	2,799	—	8,365
Prepaid expenses	15,253	13,867	—	29,120
	<u>\$ 2,011,704</u>	<u>\$ 3,197,962</u>	<u>\$ 128,749</u>	<u>\$ 5,338,415</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 847,974	\$ 1,003,043	\$ —	\$ 1,851,017
Deferred revenue	55,790	715,331	—	771,121
	<u>903,764</u>	<u>1,718,374</u>	<u>—</u>	<u>2,622,138</u>
<b>Fund balances</b>				
Unrestricted	1,107,940	—	—	1,107,940
Internally restricted	—	1,479,588	—	1,479,588
Externally restricted	—	—	128,749	128,749
	<u>\$ 2,011,704</u>	<u>\$ 3,197,962</u>	<u>\$ 128,749</u>	<u>\$ 5,338,415</u>

# KIDSPORT CANADA

Schedule 2 to the Financial Statements

Year ended December 31, 2022

## Schedule of Provincial Chapter financial activity by province

Schedule 2

	British Columbia	Alberta	Manitoba	Ontario	New Brunswick	Nova Scotia	Prince Edward Island	Total 2022
<b>Revenue:</b>								
Donations	\$ 569,767	\$ 931,528	\$ 60,048	\$ 127,041	\$ 30,872	\$ 42,037	\$ 35,730	\$ 1,797,023
National revenue – provincial allotment	880,806	3,171,083	192,977	579,780	170,328	269,698	81,704	5,346,376
Government and foundation grants	97,592	212,370	5,228	25,000	49,143	5,000	–	394,333
Interest and other	3,641	680	10,365	28,519	–	1,076	–	44,281
Canada emergency wage subsidy (“CEWS”)	–	–	–	1,385	–	–	–	1,385
	1,551,806	4,315,661	268,618	761,725	250,343	317,811	117,434	7,583,398
<b>Expenditures:</b>								
Program grants	1,514,326	4,006,153	398,945	601,962	71,524	311,981	105,000	7,009,891
Human resources and contact services	–	–	–	107,130	–	3,095	–	110,225
Administration and governance	37,548	23,936	1,093	120,135	459	2,735	803	186,709
Marketing and promotion	–	81,631	2,220	16,047	5,917	–	–	105,815
	1,551,874	4,111,720	402,258	845,274	77,900	317,811	105,803	7,412,640
Excess (deficiency) of revenue over expenditures	(68)	203,941	(133,640)	(83,549)	172,443	–	11,631	170,758
Fund balances, beginning of year	3,069	349,419	665,386	168,659	98,865	2	23,430	1,308,830
Fund balances, end of year	\$ 3,001	\$ 553,360	\$ 531,746	\$ 85,110	\$ 271,308	\$ 2	\$ 35,061	\$ 1,479,588