

Combined Financial Statements of

**KIDSPORT SOCIETY OF
CALGARY GROUP**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Members of KidSport Society of Calgary Group

Qualified Opinion

We have audited the combined financial statements of Kidsport Society of Calgary Group (the Entity), which comprise:

- the combined statement of financial position as at December 31, 2021
- the combined statement of operations for the year then ended
- the combined statement of changes in net assets for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined 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 auditors’ report, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Entity as at December 31, 2021, and its combined results of operations and its combined 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 not-for-profit organizations, the Entity derives revenue from contributions activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues 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 combined statements of financial position as at December 31, 2021 and December 31, 2020
- the contributions revenue and excess (deficiency) of revenue over expenses reported in the combined statements of operations for the years ended December 31, 2021 and December 31, 2020
- the unrestricted net assets, at the beginning and end of the year, reported in the combined statements of changes in net assets for the years ended December 31, 2021 and December 31, 2020
- the excess of revenue over expenses reported in the combined statement of cash flows for the years ended December 31, 2021 and December 31, 2020.

Our opinion on the financial statements for the year ended December 31, 2020 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors’ report thereon, included in Annual Report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.



We obtained the information, other than the financial statements and the auditors' report thereon, included in Annual Report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

As described in the "***Basis for Qualified Opinion***" section above, we were unable to obtain sufficient appropriate audit evidence about revenue from contributions. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

April 26, 2022

KIDSPORT SOCIETY OF CALGARY GROUP

Combined Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	KidSport Society of Calgary	Southern Alberta Sports Equipment Bank Society	Intercompany Adjustments	2021	2020
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,555,508	\$ 345,343	\$ –	\$ 1,900,851	\$ 1,178,179
Short-term investments (note 3)	300,000	–	–	300,000	550,000
Accounts receivable (note 4 and 11)	209,013	33,178	(57,000)	185,191	139,046
	<u>2,064,521</u>	<u>378,521</u>	<u>(57,000)</u>	<u>2,386,042</u>	<u>1,867,225</u>
Capital assets (note 5)	8,441	68,220	–	76,661	95,317
	<u>\$ 2,072,962</u>	<u>\$ 446,741</u>	<u>\$ (57,000)</u>	<u>\$ 2,462,703</u>	<u>\$ 1,962,542</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued liabilities (note 6)	\$ 286,159	\$ 52,315	\$ (57,000)	\$ 281,474	\$ 140,850
Deferred contributions (note 8)	26,330	265,502	–	291,832	261,450
	<u>312,489</u>	<u>317,817</u>	<u>(57,000)</u>	<u>573,306</u>	<u>402,300</u>
Canada emergency business account loan (note 4)	40,000	40,000	–	80,000	60,000
Deferred capital contributions (note 7)	8,455	25,283	–	33,738	43,858
	<u>360,944</u>	<u>383,100</u>	<u>(57,000)</u>	<u>687,044</u>	<u>506,158</u>
Net assets:					
Internally restricted (note 9)	1,646,560	–	–	1,646,560	956,817
Unrestricted	65,458	63,641	–	129,099	499,567
	<u>1,712,018</u>	<u>63,641</u>	<u>–</u>	<u>1,775,659</u>	<u>1,456,384</u>
Commitments (note 10)					
	<u>\$ 2,072,962</u>	<u>\$ 446,741</u>	<u>\$ (57,000)</u>	<u>\$ 2,462,703</u>	<u>\$ 1,962,542</u>

See accompanying notes to combined financial statements.

Approved on behalf of the board:

Wilson Acton, Chair

Aaron Macneil, Treasurer

KIDSPORT SOCIETY OF CALGARY GROUP

Combined Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	KidSport Society of Calgary	Southern Alberta Sports Equipment Bank Society	2021	2020
Revenue:				
Contributions (notes 8, 11 and 13)	\$ 1,431,496	\$ 144,251	\$ 1,575,747	\$ 1,595,688
Grants	62,806	–	62,806	52,103
Interest	3,513	–	3,513	6,430
Sale of equipment income	1,040	2,022	3,062	4,060
COVID related subsidies/grants (note 4)	58,660	75,425	134,085	205,766
Amortization of deferred capital contributions (note 7)	2,286	7,834	10,120	6,868
Realized gain on investments	–	–	–	5,804
	<u>1,559,801</u>	<u>229,532</u>	<u>1,789,333</u>	<u>1,876,719</u>
Expenses:				
Distributions (note 14)	792,005	–	792,005	894,901
General and administration	279,307	257,853	537,160	489,000
Fundraising	58,608	–	58,608	63,248
Operational	13,148	39,374	52,522	31,652
Amortization of capital assets	2,293	16,363	18,656	25,787
Volunteer	5,603	365	5,968	3,803
Bank fees	3,574	1,565	5,139	15,095
	<u>1,154,538</u>	<u>315,520</u>	<u>1,470,058</u>	<u>1,523,486</u>
Excess (deficiency) of revenue over expenses	\$ 405,263	\$ (85,988)	\$ 319,275	\$ 353,233

See accompanying notes to combined financial statements.

KIDSPORT SOCIETY OF CALGARY GROUP

Combined Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	KidSport Society of Calgary		Southern Alberta Sports Equipment Bank Society		2021 Total	2020 Total
	Internally restricted	Unrestricted	Internally restricted	Unrestricted		
Balance, beginning of year	\$ 956,817	\$ 349,938	\$ –	\$ 149,629	\$ 1,456,384	\$ 1,103,151
Excess (deficiency) of revenue over expenses	–	405,263	–	(85,988)	319,275	353,233
Less transfers from unrestricted to internally restricted net assets	689,743	(689,743)	–	–	–	–
Balance, end of year	\$ 1,646,560	\$ 65,458	\$ –	\$ 63,641	\$ 1,775,659	\$ 1,456,384

See accompanying notes to combined financial statements.

KIDSPORT SOCIETY OF CALGARY GROUP

Combined Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash from (used in) operating activities:		
Excess of revenue over expenses	\$ 319,275	\$ 353,233
Items not involving cash:		
Amortization of capital assets	18,656	25,787
Amortization of deferred capital contributions	(10,120)	(6,868)
Canada emergency business account loan forgiveness	(20,000)	(20,000)
	<u>307,811</u>	<u>352,152</u>
Changes in non-cash operating working capital:		
Accounts receivable	(46,145)	123,261
Accounts payable and accrued liabilities	140,624	65,757
Deferred contributions	30,382	68,713
	<u>432,672</u>	<u>609,883</u>
Financing:		
Proceeds on sale of short-term investments	550,000	595,558
Purchases of short-term investments	(300,000)	(550,000)
Proceeds from Canada Emergency Business Account loan	40,000	80,000
Receipt of deferred capital contributions (note 7)	–	24,397
	<u>290,000</u>	<u>149,955</u>
Investing:		
Purchases of capital assets	–	(24,397)
Increase in cash and cash equivalents	<u>722,672</u>	<u>735,441</u>
Cash and cash equivalents, beginning of year	1,178,179	442,738
Cash and cash equivalents, end of year	<u>\$ 1,900,851</u>	<u>\$ 1,178,179</u>

See accompanying notes to combined financial statements.

KIDSPORT SOCIETY OF CALGARY GROUP

Notes to Combined Financial Statements

Year ended December 31, 2021, with comparative information for 2020

1. Nature of operations:

KidSport Society of Calgary Group (the “Group”), consists of KidSport Society of Calgary (“KS”) and Southern Alberta Sports Equipment Bank Society (“SASEBS”). These financial statements are combined due to common management and governed by a common Board of Directors.

The Group’s principal activity is to provide support to and remove financial barriers that prevent children the opportunity to participate in organized sports. The Group provides sports equipment to allow needy children in Southern Alberta to participate in recreational activities and to undertake activities ancillary and incidental to the attainment of the above charitable purpose. The Group is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Significant accounting policies:

The financial statements of KS and SASEBS have been combined to form these combined financial statements. These combined financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNFPO”) in Part III of the Chartered Professional Accountants (“CPA”) Handbook. Both of the entities combined into these financial statements apply ASNFPO and the accounting policies between the entities are consistent. All significant intercompany balances and transactions are eliminated upon the combination of these two entities. The significant accounting policies are as follows:

(a) Revenue recognition:

The Group 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.

Interest and other income from investments is recognized in the year in which it is received or receivable if the amount to be received can be reasonably estimated and collections are reasonably assured.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(c) Short-term investments:

Investments are comprised of Guaranteed Investment Certificates (“GICs”) with original maturities greater than 90 days and mature within one year from the balance sheet date.

KIDSPORT SOCIETY OF CALGARY GROUP

Notes to Combined Financial Statements, page 2

Year ended December 31, 2021, with comparative information for 2020

2. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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. The Group carries its short-term investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed 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, the Group 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 the Group 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) Capital assets:

Capital assets are recorded at historical cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets commencing when the asset is ready for use. The estimated useful lives are as follows:

Assets	Years
Database	5
Trailer	10
Furniture and equipment	5
Computer hardware	3
Vehicles	5
Leasehold improvements	20

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value. When a capital asset no longer contributes to the Group's ability to provide services, its carrying amount is written down to its residual value.

KIDSPORT SOCIETY OF CALGARY GROUP

Notes to Combined Financial Statements, page 3

Year ended December 31, 2021, with comparative information for 2020

2. Significant accounting policies (continued):

(f) Contributed services:

Volunteers assist the Group in carrying out certain activities. Due to uncertainty in determining fair value of the service and given that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

(g) Donated equipment and materials:

Donated equipment and materials are recorded at fair market value if it can be reasonably determined and the equipment and materials would otherwise be purchased. If fair market value cannot be reasonably determined, donated equipment and materials are recorded at nominal value.

(h) Use of estimates:

The preparation of the financial statements in conformity with ASNFPO requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reported period. Specific estimates made in the preparation of these combined financial statements include the estimate of useful lives of capital assets, estimates for accrued liabilities and collectability of accounts receivable. By their nature these amounts are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

The Group has noted a number of indicators of financial implications and has undertaken actions in relation to the COVID-19 pandemic. These indicators and actions include:

- The Group has closed the facility to the public and only taking in patrons with appointments;
- Business operating revenue has been limited during this mandated closure;
- Essential services required for business maintenance and business continuity have been maintained;
- Staffing is being closely monitored by the Board and decisions will be made as necessary, with the most recent information and tools available to ensure the Group continues to perform essential services and maintain adequate capacity.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the Group's assets or liabilities and may have a significant impact on future operations. An estimate of the financial impact is not currently practicable.

KIDSPORT SOCIETY OF CALGARY GROUP

Notes to Combined Financial Statements, page 4

Year ended December 31, 2021, with comparative information for 2020

2. Significant accounting policies (continued):

(i) Government assistances:

Government assistance related to current expenses is recorded as COVID related subsidies/grants on the combined statement of operations. A forgivable government loan is accounted for in the same manner as a grant and the loan is recognized when the Company becomes entitled to receive it and not at the time such loans are forgiven.

3. Short-term investments:

As at December 31, 2021, the Group has invested \$300,000 (2020 – \$550,000) in GICs, with interest rates of 0.35% per annum (2020 – interest rates ranging from 0.3% – 0.4% per annum), presented as current assets as they are redeemable within the year.

4. Government remittances and subsidies:

As at December 31, 2021, the Group had government remittances recoverable of \$7,850 (2020 – \$6,313).

The Government of Canada created a program called the Canada Emergency Wage Subsidy (“CEWS”) to provide wage assistance to organizations who experienced a drop in revenues resulting from the COVID-19 outbreak. During the year, the Group met the eligibility requirements and received \$82,818 (2020 – \$80,332). The Group accrued an additional \$2,889 (2020 – \$19,002) for CEWS applications relating to 2021. While eligibility and subsidy amounts may be subject to audit by the Canada Revenue Agency, the Group is confident in respect to its entitlement to the subsidy payments received throughout the year. The entire amount has been recognized within COVID Related Subsidies/Grants revenue on the combined statement of operations for the year ended December 31, 2021.

The Government of Canada created a program called the Canada Emergency Rent Subsidy (“CERS”) to provide rent assistance to organizations who experienced a drop in revenues resulting from the COVID-19 outbreak. During the year, the Group met the eligibility requirements and received \$24,177 (2020 – \$nil). The entire amount has been recognized within COVID Related Subsidies/Grants revenue on the combined statement of operations for the year ended December 31, 2021.

The Government of Canada created a program called the Canada Emergency Business Account (“CEBA”) intended to support small businesses during the COVID-19 outbreak by providing a loan to assist in covering expenses that could not be avoided or deferred. During the year, the Group received an additional \$40,000 (2020 – \$80,000). The loan is interest-free until December 31, 2023.

Repayment of the balance of the loan on or before December 31, 2023 will result in a loan forgiveness of 33% or \$40,000. \$20,000 (2020 – \$20,000) has been recognized in COVID Related Subsidies/Grants on the combined statement of operations for the year ended December 31, 2021.

KIDSPORT SOCIETY OF CALGARY GROUP

Notes to Combined Financial Statements, page 5

Year ended December 31, 2021, with comparative information for 2020

5. Capital assets:

			2021	2020
	Cost	Accumulated depreciation	Net book value	Net book value
Database	\$ 35,831	\$ 35,831	\$ –	\$ –
Trailer	22,932	14,491	8,441	10,734
Furniture and equipment	47,706	25,168	22,538	32,079
Computer hardware	3,859	3,859	–	–
Vehicles	32,453	32,453	–	3,998
Leasehold Improvements	56,465	10,783	45,682	48,506
	\$ 199,246	\$ 122,585	\$ 76,661	\$ 95,317

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,626 (2020 – \$3,388), which includes amounts payable for payroll related tax remittances.

7. Deferred capital contributions:

Deferred capital contributions represent restricted contributions received and designated to be used for capital purposes.

	2021	2020
Balance, beginning of year	\$ 43,858	\$ 26,329
Donated capital assets	–	24,397
Amortization of deferred capital contributions	(10,120)	(6,868)
Balance, end of year	\$ 33,738	\$ 43,858

KIDSPORT SOCIETY OF CALGARY GROUP

Notes to Combined Financial Statements, page 6

Year ended December 31, 2021, with comparative information for 2020

8. Deferred contributions:

Deferred contributions relate to restricted funding received in the current and prior fiscal years, which is designated for specific expenditures. The deferred contributions consist of the unspent portion of externally restricted funds received from:

(a) Alberta Gaming, Liquor and Cannabis (“AGLC”):

Restricted contributions from the AGLC recognized in revenue during the year of \$2,351 (2020 – \$140,440) are included in contribution revenue. The monies received from the AGLC are held in a separate casino cash account. The expenses paid out of the account are certain office and payroll costs as approved by the AGLC.

(b) Contributions from Partners/Events:

Restricted contributions from Partners/Events recognized in revenue during the year of \$432,306 (2020 – \$301,652) are included in contribution revenue. The monies received from Partners are held in a separate cash account pertaining to other gaming cash received. The expenses paid out of the account are for distribution expenses.

The changes in the deferred contributions balance for the year were as follows:

	2021	2020
Alberta Gaming & Liquor Commission:		
Balance, beginning of year	\$ –	\$ 140,440
Restricted contributions received during the year	2,351	–
Restricted contributions recognized	(2,351)	(140,440)
	–	–
Contributions from Partners/Events:		
Balance, beginning of year	261,450	52,297
Restricted contributions received during the year	462,688	510,805
Restricted contributions recognized	(432,306)	(301,652)
	291,832	261,450
	<u>\$ 291,832</u>	<u>\$ 261,450</u>

KIDSPORT SOCIETY OF CALGARY GROUP

Notes to Combined Financial Statements, page 7

Year ended December 31, 2021, with comparative information for 2020

9. Internally restricted net assets:

	2021	2020
Kids account	\$ 1,389,152	\$ 645,214
Other	257,408	311,603
	<u>\$ 1,646,560</u>	<u>\$ 956,817</u>

Internally restricted net assets consist of funds donated to the Group that are internally restricted based on internally established guidelines approved by the Board of Directors (the "Board"). Funds on deposit in the Kids account are restricted for funding of kids' sport registration fees and programs as approved by the Board.

10. Commitments:

Under the terms of an extension to the lease agreement for office space expiring July 31, 2023, the Group is committed to making the following payments:

2022	\$ 41,598
2023	24,266
	<u>\$ 65,864</u>

11. Related party transactions:

During the year, the Group received \$66,000 (2020 – \$nil) in contributions from an organization to support kids participating in hockey. This organization's executive director is a member of the Group's Board of Directors. At year end, the Group had \$63,967 (2020 – \$66,000) receivable from and \$96,500 (2020 – \$55,988) payable to the organization.

For tax receipting purposes, KS remits certain donations received to KidSport Society of Alberta. Upon completion of the tax receipting, KidSport Society of Alberta remits the donations back to KS. Occasionally donations are made directly to KidSport Society of Alberta, which are for KS. During the year, KS received a combination of donations directly and indirectly of \$485,856 (2020 – \$1,147,247) from KidSport Society of Alberta and \$98,099 was receivable back from KidSport Society of Alberta as at December 31, 2021 (2020 – \$40,443).

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

KIDSPORT SOCIETY OF CALGARY GROUP

Notes to Combined Financial Statements, page 8

Year ended December 31, 2021, with comparative information for 2020

12. Financial instruments:

(a) Fair values:

The fair value of financial assets and liabilities approximate their carrying amounts due to the imminent or short-term nature of these financial assets and liabilities or their respective terms and conditions.

(b) Risk management:

The Group is exposed to the following risks as a result of holding financial instruments:

(i) Credit risk:

The Group's exposure to credit risk arises from the possibility that the counterparty to a transaction might fail to perform under its contractual commitment resulting in a financial loss to the Group. The Group is exposed to credit risk on cash and cash equivalents, short-term investments, and accounts receivable from its contributors. Concentration of credit risk arises as a result of exposures to a single debtor or to a group of debtors having similar characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political, or other conditions. The Group monitors credit risk by assessing the collectability of the amounts. Of the accounts receivable at year end, \$98,099 (2020 – \$40,443) is receivable from KidSport Alberta which are considered to have low credit risk. The Group mitigates its credit risk on cash and cash equivalents and short-term investments by dealing with Canadian commercial banks in which these assets are held.

(ii) Liquidity risk:

Liquidity risk is the risk that the Group will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Group manages its liquidity risk by monitoring its operating requirements. The Group prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(iii) Interest rate risk on deposits:

Interest rate risk arises on cash and cash equivalents and short-term investments. The Group is exposed to interest rate risk due to fluctuations in the bank interest rates.

There has been no change to the risk exposures from 2020 other than the potential impacts of COVID-19 as disclosed in note 2(h).

KIDSPORT SOCIETY OF CALGARY GROUP

Notes to Combined Financial Statements, page 9

Year ended December 31, 2021, with comparative information for 2020

13. Contributions:

	2021	2020
Strategic Partners	\$ 1,057,737	\$ 884,574
Major Events	61,020	70,226
Casino and Gaming Funds (AGLC) (note 8)	2,351	140,440
Third Party	160,620	155,825
Other Funding Sources (including corporate, personal and sports club donations)	294,019	344,623
	<u>\$ 1,575,747</u>	<u>\$ 1,595,688</u>

14. Distributions:

	2021	2020
Registration fees by sport:		
Hockey	\$ 263,988	\$ 393,103
Soccer	167,127	106,265
Martial Arts	53,837	61,462
Basketball	48,118	67,415
Football	37,246	26,549
Dance	31,766	42,636
Gymnastics	24,364	39,977
Baseball	12,872	8,540
Skiing / snowboarding	12,149	8,249
Swimming	11,182	4,185
Skating	9,939	9,740
Lacrosse	7,650	2,529
Other	60,134	57,501
	<u>740,372</u>	<u>828,151</u>
School Equipment Grants	35,000	35,000
Other Programs	16,633	31,750
	<u>\$ 792,005</u>	<u>\$ 894,901</u>

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Year ended December 31, 2021, with comparative information for 2020

15. Donations and fundraising:

In raising \$1,575,747 (2020 – \$1,595,688) in contributions revenue, the Group incurred \$126,235 (2020 – \$129,476) for the purpose of soliciting contributions, including \$63,191 (2020 – \$63,637) for employee expenses.

16. Comparative figures:

Certain comparative figures have been reclassified to conform with current year's financial statements presentation.