

**KidSport Society of Edmonton  
(o/a KidSport Edmonton)**

**Financial Statements**

**December 31, 2021**

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Financial Statements**

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**December 31, 2021**

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## **Independent Auditors' Report**

### **To the Directors of KidSport Society of Edmonton**

#### *Qualified Opinion*

We have audited the financial statements of KidSport Society of Edmonton (o/a KidSport Edmonton), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, 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 Society as at December 31, 2021, 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 not-for-profit organizations, the Society derives revenue from donations and fundraising 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified 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 report. We are independent of the Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

## Independent Auditors' Report (continued)

### *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 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 Society'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 Society'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 Society 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, Canada**  
**April 19, 2022**

**Chartered Professional Accountants**

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Statement of Operations**

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<b>For the year ended December 31,</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
Donations		
Corporate Donations	\$ 50,309	\$ 89,650
Individuals	48,651	29,758
Foundation grants	194,013	170,916
Events (net) (note 10)	99,536	68,507
Gaming revenue (note 11)	82,055	12,419
Government emergency funding (note 2)	73,452	46,544
Other	141	256
	<b>548,157</b>	<b>418,050</b>
<b>Expenditures</b>		
Funding grants	167,000	188,514
Insurance	2,601	2,454
Marketing and communications	3,791	3,831
Office and administration	21,856	43,200
Salaries and related benefits	176,995	126,312
	<b>372,243</b>	<b>364,311</b>
<b>Excess revenues over expenditures</b>	<b>\$ 175,914</b>	<b>\$ 53,739</b>

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Statement of Changes in Net Assets**

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**For the year ended December 31,**

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	<b>2021</b>		
	<b>Total</b>	<b>Unrestricted</b>	<b>Reserve fund</b>
<b>Balance, beginning of year</b>	<b>\$ 530,602</b>	<b>\$ 459,994</b>	<b>\$ 70,608</b>
Excess of revenues over expenditures	<b>175,914</b>	175,773	141
<b>Balance, end of year</b>	<b>\$ 706,516</b>	<b>\$ 635,767</b>	<b>\$ 70,749</b>

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	<b>2020</b>		
	<b>Total</b>	<b>Unrestricted</b>	<b>Reserve fund</b>
<b>Balance, beginning of year</b>	<b>\$ 476,863</b>	<b>\$ 406,511</b>	<b>\$ 70,352</b>
Excess of revenues over expenditures	<b>53,739</b>	53,483	256
<b>Balance, end of year</b>	<b>\$ 530,602</b>	<b>\$ 459,994</b>	<b>\$ 70,608</b>

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Statement of Financial Position**

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**December 31,** **2021** **2020**

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**Assets**

**Current**

Cash (note 5)	\$ 650,590	\$ 553,110
Accounts receivable (note 6)	4,073	25,693
Prepaid expenses	26,555	1,094
Restricted cash (note 7)	70,749	70,608

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**\$ 751,967** **\$ 650,505**

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**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$ 5,451	\$ 16,053
Unearned contributions (note 8)	-	73,850

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**5,451** **89,903**

**Loan payable (note 9)** **40,000** **30,000**

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**45,451** **119,903**

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**Net Assets**

Unrestricted	635,767	459,994
Reserve fund	70,749	70,608

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**706,516** **530,602**

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**\$ 751,967** **\$ 650,505**

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Approved on behalf of the Board:

Benito Chiodo Director

 Director

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Statement of Cash Flows**

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<b>For the year ended December 31,</b>	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess revenues	\$ 175,914	\$ 53,739
Item not affecting cash		
Forgivable portion of loan payable	(10,000)	(10,000)
	<b>165,914</b>	43,739
Change in non-cash working capital items		
Accounts receivable	21,620	(791)
Prepaid expenses	(25,461)	166
Accounts payable and accrued liabilities	(10,602)	2,765
Unearned contributions	(73,850)	41,851
	<b>77,621</b>	87,730
<b>Financing activity</b>		
Proceeds from loan payable	20,000	40,000
<b>Increase in cash</b>	<b>97,621</b>	127,730
<b>Cash, beginning of year</b>	<b>623,718</b>	495,988
<b>Cash, end of year</b>	<b>\$ 721,339</b>	\$ 623,718
<b>Cash consists of:</b>		
Cash	\$ 650,590	\$ 553,110
Restricted cash	70,749	70,608
	<b>\$ 721,339</b>	\$ 623,718

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Notes to the Financial Statements**

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**December 31, 2021**

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**1. Nature of operations**

KidSport Society of Edmonton is a national not-for-profit organization that provides financial assistance for registration fees and equipment to kids aged 18 and under. KidSport Society of Edmonton is a chapter of KidSport and is a not-for-profit organization incorporated under the *Societies Act of Alberta*. No provision for income taxes were provided in the financial statements as the Society is exempt from tax under section 149(1)(l) of the Income Tax Act (Canada).

**2. COVID-19 Pandemic**

The COVID-19 pandemic has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, social distancing, restrictions on business operations and isolation/quarantine periods have caused material disruptions to communities and businesses, resulting in a slowdown of the global economy.

In response the Society pursued government assistance programs and received \$63,452 (2020 - \$36,544) under the Canada Emergency Wage Subsidy Program and \$20,000 (2020 - \$40,000) under the Canada Emergency Business account program of which \$10,000 (2020 - \$10,000) was recognized as income.

KidSport Society of Edmonton also implemented remote work arrangements for those able to do so, and implemented stringent health and safety procedures and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic on the Society's operations.

While recovery is underway, the efficacy of COVID-19 vaccines and longevity of the COVID-19 pandemic remains uncertain and as such it is not possible to estimate the length and severity of the pandemic and the impact on the financial results and condition on the Society and its operations in future periods.

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Notes to the Financial Statements**

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**December 31, 2021**

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**3. Change in accounting policy**

**Financial instruments – Financial instruments originated or exchanged in a related party transaction**

On January 1, 2021, the Society adopted the amendments to Financial Instruments, Section 3856. The change affects how the Society accounts for financial instruments originated or exchanged in a related party transaction.

*Initial Measurement*

Under the new requirements, a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms. If the instrument does have repayment terms, cost is determined using the instrument's undiscounted cash flows, excluding interest, less any impairment losses. Otherwise, the cost of the instrument is determined using the consideration transferred or received by the Society.

*Subsequent Measurement*

Subsequent measurement is based on how the financial instrument is initially measured. A related party financial instrument initially measured at cost is subsequently measured at cost less any reduction for impairment or at fair value.

*Transitional Provisions*

These changes have been adopted retrospectively with the following transitional provisions:

- The cost of an instrument that has repayment terms is determined using its undiscounted cash flows excluding interest and dividend payment less any impairment;
- The cost of an instrument that does not have repayment terms is deemed to be its carrying amount, less any impairment provisions.

The adoption of the new requirements has no impact on the Society's financial statements.

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Notes to the Financial Statements**

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**December 31, 2021**

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**4. Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

**(a) Revenue recognition**

The Society 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.

Fundraising and event revenues are recognized at the conclusion of the event.

**(b) Contributed services**

Volunteers contributed time to assist the Society in carrying out its programs, because of the difficulty of determining their fair value no amount has been recorded. The Society also occupies office space rent free. Due to the difficulty in determining the fair value no amount has been recorded.

**(c) Cash equivalents**

Cash and cash equivalents consist of cash on hand and bank deposits.

**(d) Financial instruments**

*Initial measurement*

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets or liabilities originated or exchanged in related party transactions are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the considered transferred or received by the Society in the transaction.

Transactions, with parties whose sole relationship with the Society is in the capacity of management, are accounted for as arm's length transactions.

**December 31, 2021**

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**4. Significant accounting policies (continued)**

*Subsequent measurement*

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

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

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

*Transaction costs*

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction cost for financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and recognized in income over the life of the instrument using the straight-line method.

*Impairment*

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

**(e) Use of estimates**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions, including assumptions about the future effects of the COVID-19 pandemic, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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**KidSport Society of Edmonton**  
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**Notes to the Financial Statements**

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**December 31, 2021**

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**5. Cash**

Included in cash is \$nil (2020 - \$73,850) which was raised through raffles and casinos. The use of these funds is restricted and must be applied to specific purposes approved by the Alberta Gaming, Liquor and Cannabis Commission.

**6. Accounts receivable**

	<b>2021</b>	2020
Trade receivables	\$ 29	\$ 9,480
KidSport Alberta	<b>4,044</b>	12,500
Government assistance receivable	-	3,713
	<b>\$ 4,073</b>	\$ 25,693

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**7. Reserve Fund**

The Board of Directors established a reserve fund for the Society. The general purpose of the reserve is to help ensure the long-term financial stability of the Society and position it to respond to varying economic conditions and changes affecting the financial health of the Society.

Specifically, the reserve will be formed and maintained to achieve the following objectives:

- (a) To enable the Society to sustain operations during periods of weaker than expected income;
- (b) To promote public and funder confidence in the long-term sustainability of the Society by preventing cash flow shortfalls that may diminish its reputation in the community;
- (c) To create an internal financing facility to manage operating cash flows.

As of December 31, 2021 the Board has allocated \$70,749 (2019 - \$70,608) of unrestricted net assets to the reserve fund.

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Notes to the Financial Statements**

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**December 31, 2021**

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**8. Unearned contributions**

Unearned contributions are comprised of unspent revenues from the Alberta Gaming, Liquor and Cannabis Commission (AGLC) for the operation of a Casino and raffles. From time to time other charities also donate their gaming proceeds. These funds are restricted by AGLC

	<b>2021</b>	2020
Balance, beginning of year	\$ 73,850	\$ 31,999
Casino proceeds	-	42,000
Raffle proceeds	-	597
Third party Casino transfers	<b>9,955</b>	11,673
Casino expenditures	<b>(83,805)</b>	(11,822)
Raffle expenditures	-	(597)
	<b>\$ -</b>	<b>\$ 73,850</b>

**9. Loan payable**

	<b>2021</b>	2020
Canada Emergency Business Account, interest free until December 31, 2023	<b>\$ 40,000</b>	\$ 30,000

During the year, the Society received an additional \$20,000 under the Government of Canada COVID response Canada Emergency Business Account (CEBA) loan program. 33% of the total value is forgivable if fully repaid by December 31, 2023. If the loan is not repaid by December 31, 2023 the full \$60,000 is converted to a term loan repayable in interest only payments at a rate of 5% per annum, with the principal due December 31, 2025. As it is reasonable that the Society will repay the \$40,000 by December 31, 2023, \$10,000 (2020 - \$10,000) was recognized in income during the year.

**10. Events**

	<b>2021</b>	2020
Fundraising revenue	\$ 110,627	\$ 83,395
Fundraising expense	<b>(49,099)</b>	(43,993)
	<b>61,528</b>	39,402
Third party events revenue	<b>38,008</b>	29,105
	<b>\$ 99,536</b>	<b>\$ 68,507</b>

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**KidSport Society of Edmonton**  
(o/a KidSport Edmonton)

**Notes to the Financial Statements**

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**December 31, 2021**

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**11. Gaming revenue**

Casino Revenue consists of funds from AGLC, donations from other partners with Casino funding and revenue raised from raffles.

	<b>2021</b>	2020
AGLC	<b>\$ 73,850</b>	\$ 149
Donations	<b>8,204</b>	11,673
Raffle	-	597
	<b>\$ 82,054</b>	\$ 12,419

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**12. KidSport Edmonton Endowment Fund**

The Society established the KidSport Edmonton Fund, which is held and administered by the Edmonton Community Foundation in order to encourage a sustainable source of revenue for the operation of the Society. The fund is established as an open-ended fund, which allows other individuals or entities to contribute to the fund. The Society will receive an annual distribution from the fund in accordance with the policies adopted by the Edmonton Community Foundation. At the end of December 31, 2021 the balance in the KidSport Edmonton Fund was \$41,818 (2020 - \$40,683). Contributions made during the year were \$nil (2020 - \$nil).