

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

Financial Statements

December 31, 2023

KidSport Society of Edmonton
(o/a KidSport Edmonton)

Financial Statements

December 31, 2023

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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, 2023, 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 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, 2023, 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 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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
May 6, 2024


Chartered Professional Accountants

KidSport Society of Edmonton
(o/a KidSport Edmonton)

Statement of Operations

For the year ended December 31,	2023	2022
Revenues		
Donations		
Corporate Donations	\$ 30,513	\$ 52,991
Individuals	121,793	55,552
Events (net) (note 8)	148,334	116,962
Foundation grants	432,813	367,990
Gaming revenue (note 9)	77,664	41,365
Government grants	783,817	299,762
	<hr/>	<hr/>
	1,594,934	934,622
	<hr/>	<hr/>
Expenditures		
Funding grants	1,000,464	586,603
Insurance	3,811	3,105
Marketing and communications	4,995	36,004
Office and administration	50,616	32,625
Salaries and related benefits	271,001	231,991
	<hr/>	<hr/>
	1,330,887	890,328
	<hr/>	<hr/>
Excess of revenues over expenditures before other item	264,047	44,294
	<hr/>	<hr/>
Other income		
Interest	11,726	3,380
	<hr/>	<hr/>
Excess of revenues over expenditures	\$ 275,773	\$ 47,674

KidSport Society of Edmonton
(o/a KidSport Edmonton)

Statement of Changes in Net Assets

For the year ended December 31,

2023

	Total	Unrestricted	Reserve fund
Balance, beginning of year	\$ 754,190	\$ 682,990	\$ 71,200
Excess of revenues over expenditures	275,773	274,167	1,606
Balance, end of year	\$ 1,029,963	\$ 957,157	\$ 72,806

2022

	Total	Unrestricted	Reserve fund
Balance, beginning of year	\$ 706,516	\$ 635,767	\$ 70,749
Excess of revenues over expenditures	47,674	47,223	451
Balance, end of year	\$ 754,190	\$ 682,990	\$ 71,200

KidSport Society of Edmonton
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Statement of Financial Position

December 31, 2023 2022

Assets

Current

Cash	\$ 744,044	\$ 674,337
Short term investments (note 3)	221,135	221,135
Accounts receivable (note 4)	86,479	67,229
Prepaid expenses	2,615	5,177
Restricted cash (note 5)	22,464	80,645

1,076,737 1,048,523

Long-term investment

- 150,000

\$ 1,076,737 **\$ 1,198,523**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 7,989	\$ 5,246
Unearned contributions (note 7)	38,785	399,087
Current portion of loan payable	-	40,000

46,774 444,333

Net Assets

Unrestricted	957,157	682,990
Reserve fund (note 6)	72,806	71,200

1,029,963 754,190

\$ 1,076,737 **\$ 1,198,523**

Approved on behalf of the Board:



Director

Miles Davis

Director

KidSport Society of Edmonton
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Statement of Cash Flows

For the year ended December 31,	2023	2022
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenditures	\$ 275,773	\$ 47,674
Change in non-cash working capital items		
Accounts receivable	(19,250)	(63,156)
Prepaid expenses	2,562	21,378
Accounts payable and accrued liabilities	2,743	(205)
Unearned contributions	(360,302)	399,087
	(98,474)	404,778
Financing activity		
Repayment of loan payable	(40,000)	-
Investing activities		
Redemption of short-term investment	221,135	-
Purchase of long-term investments	-	(150,000)
Purchase of short-term investments	(71,135)	(221,135)
	150,000	(371,135)
Increase in cash	11,526	33,643
Cash, beginning of year	754,982	721,339
Cash, end of year	\$ 766,508	\$ 754,982
Cash consists of:		
Cash	\$ 744,044	\$ 674,337
Restricted cash	22,464	80,645
	\$ 766,508	\$ 754,982

KidSport Society of Edmonton
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Notes to the Financial Statements

December 31, 2023

1. Nature of operations

KidSport Society of Edmonton (o/a KidSport 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. 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.

Interest income is recognized on an accrual basis.

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.

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Notes to the Financial Statements

December 31, 2023

2. Significant accounting policies (continued)

(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 except for those that involve parties whose sole relationship with the Society is in the capacity of management, 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 and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration 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.

Subsequent measurement

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

Financial assets measured at amortized cost include: cash, restricted cash, short term investments and accounts receivable.

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

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 costs 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.

KidSport Society of Edmonton
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Notes to the Financial Statements

December 31, 2023

2. Significant accounting policies (continued)

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 financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Investments

Short-term investments consist of Guaranteed Investment Certificates (GICs) accruing interest from 4.40% to 5.00% (2022 - 2.25% to 4.30%) maturing between April 2024 - October 2024 (2022 - October 2023).

Included in short-term investments is \$71,135 (2022 - \$71,135) of funds internally restricted by the Board as described in note 6.

4. Accounts receivable

	2023	2022
Donations	\$ 37,420	\$ 40,299
Government of Alberta grant	47,762	-
Government of Canada grant	1,297	24,000
Interest on investments	-	2,930
	\$ 86,479	\$ 67,229

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Notes to the Financial Statements

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5. Restricted cash

Restricted cash comprises of funds raised through raffles and casinos and funds internally restricted by the Board.

The use of raffle and casino funds are restricted and must be applied to specific purposes approved by the Alberta Gaming, Liquor and Cannabis (AGLC).

The use of funds internally restricted by the board are restricted to the approved purposes as outlined in note 6.

	2023	2022
Alberta Gaming, Liquor and Cannabis	\$ 20,793	\$ 80,580
Internally Restricted Reserve Fund	1,671	65
	\$ 22,464	\$ 80,645

6. 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, 2023 the Board has allocated \$72,806 (2022 - \$71,200) of unrestricted net assets to the reserve fund.

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Notes to the Financial Statements

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7. Unearned contributions

Unearned contributions are comprised of unspent revenues from the 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.

Unearned contributions also comprise funds received for various programs and will be recognized as revenue in the year in which the related expenses are incurred. Changes in unearned contributions balance are as follows:

	2023	2022
Balance, beginning of year	\$ 399,087	\$ -
Casino proceeds	-	76,420
Raffle proceeds	10,877	9,325
Third party Casino transfers	7,000	36,200
Grant proceeds	916,115	981,310
Casino expenditures	(77,664)	(41,365)
Grant expenditures	(1,216,630)	(662,803)
	\$ 38,785	\$ 399,087

8. Events

	2023	2022
Fundraising revenue	\$ 262,393	\$ 210,075
Fundraising expense	(189,527)	(109,271)
	72,866	100,804
Third party events revenue	83,361	16,158
Third party events expense	(7,893)	-
	\$ 148,334	\$ 116,962

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Notes to the Financial Statements

December 31, 2023

9. Gaming revenue

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

	2023	2022
AGLC	\$ 76,420	\$ -
Donations	-	36,200
Raffle	1,244	5,165
	\$ 77,664	\$ 41,365

10. 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, 2023 the balance in the KidSport Edmonton Fund was \$42,956 (2022 - \$46,591). Contributions made during the year were \$nil (2022 - \$nil).

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Notes to the Financial Statements

December 31, 2023

11. Financial instruments

Transacting in and holding of financial instruments exposes the Society to certain financial risks and uncertainties. These risks include:

(a) 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 Society's exposure to credit risk relates to cash and investments and arises from the possibility that a debtor does not fulfil its obligations. The Society mitigates its credit risk by continuously monitoring its financial assets.

The Society is exposed to concentration of credit risk to the extent that substantially all cash and investments are held at a single financial institution. The financial institution is a major Canadian bank. The bank and deposits held by the financial institution are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Society's cash is insured up to \$100,000.

There have not been any changes to the Society's exposure to credit risk from the prior year.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society's interest-bearing financial instruments include fixed rate short-term investments. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The Society does not employ derivative financial instruments to hedge its exposure to interest rate risk.

Increased economic uncertainty and changing inflation rates due to a range of economic factors has resulted in a change in interest rate risk from the prior year. Uncertain economic conditions including events may result in a change in interest rates both nationally and internationally. The Society cannot predict changes in interest rates.