

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

Financial Statements

December 31, 2020

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(o/a KidSport Edmonton)

Financial Statements

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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, 2020, 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, 2020, and its results of 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, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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 20, 2021



Chartered Professional Accountants

KidSport Society of Edmonton
(o/a KidSport Edmonton)

Statement of Operations

For the year ended December 31,	2020	2019
Revenues		
Donations		
Individuals	\$ 29,758	\$ 11,796
Corporate	89,650	116,240
Grants		
Foundation grants	170,916	177,736
Government grants	-	16,500
Events (net) (note 9)	68,507	215,650
Gaming Revenue (note 10)	12,419	151,784
Government emergency funding (note 12)	46,544	-
Other	256	216
	418,050	689,922
Expenditures		
Funding grants	188,514	317,199
Insurance	2,454	2,366
Marketing and communications	3,831	9,988
Office and administration	43,200	21,330
Rent and occupancy costs	-	7,258
Salaries and related benefits	126,312	150,364
	364,311	508,505
Excess of revenues over expenditures	\$ 53,739	\$ 181,417

KidSport Society of Edmonton
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Statement of Changes in Net Assets

For the year ended December 31,

2020

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

2019

	Total	Unrestricted	Reserve fund
Balance, beginning of year	\$ 295,446	\$ 225,244	\$ 70,202
Excess of revenues over expenditures	181,417	181,267	150
Balance, end of year	\$ 476,863	\$ 406,511	\$ 70,352

KidSport Society of Edmonton
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Statement of Financial Position

December 31, **2020** **2019**

Assets

Current

Cash (note 4)	\$ 553,110	\$ 425,636
Accounts receivable (note 5)	25,693	24,902
Prepaid expenses	1,094	1,260

579,897 **451,798**

Restricted cash (note 6) **70,608** **70,352**

\$ 650,505 **\$ 522,150**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 16,053	\$ 13,288
Unearned contributions (note 7)	73,850	31,999

89,903 **45,287**

Loan payable (note 8) **30,000** **-**

119,903 **45,287**

Net Assets

Unrestricted	459,994	406,511
Reserve fund (note 6)	70,608	70,352

530,602 **476,863**

\$ 650,505 **\$ 522,150**

Approved on behalf of the Board:



Director

Benito Chiodo

Director

KidSport Society of Edmonton
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Statement of Cash Flows

For the year ended December 31,	2020	2019
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenditures	\$ 53,739	\$ 181,417
Change in non-cash working capital items		
Accounts receivable	(791)	(17,818)
Prepaid expenses	166	-
Accounts payable and accrued liabilities	2,765	8,043
Unearned contributions	41,851	(20,046)
Forgivable portion of loan payable	(10,000)	-
	87,730	151,596
Financing activity		
Proceeds from loan payable	40,000	-
Investing activity		
Restricted cash	(256)	(150)
Increase in cash	127,474	151,446
Cash, beginning of year	425,636	274,190
Cash, end of year	\$ 553,110	\$ 425,636

KidSport Society of Edmonton
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Notes to the Financial Statements

December 31, 2020

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*. The organization is exempt from tax under the *Income Tax Act*.

2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- The Society has pursued available government assistance programs.
- The Society has implemented remote work arrangements for those able to do so.
- The management of the Society has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the Society.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Society's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and condition on the Society and its operations in future periods.

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Notes to the Financial Statements

December 31, 2020

3. 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.

Revenue from donations and fundraising is recognized when received.

Revenue from grants is recognized when the grant agreement has been signed and collection is reasonably assured.

(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.

(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, 2020

3. Significant accounting policies (continued)

(d) Financial instruments

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.

The Society subsequently measures the following 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.

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 and COVID-19 measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 balance sheet date and the reported amounts of revenues and expenses during the year. COVID-19 is considered an indication of impairment and has impacted the assumptions underlying the forecasted cash flows used in performing the Society's impairment analysis of its long-lived assets. Actual impairment and other results could differ from these and other estimates.

4. Cash

Included in cash is \$73,850 (2019 - \$31,999) 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.

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Notes to the Financial Statements

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5. Accounts receivable

	2020	2019
Trade receivables	\$ 21,980	\$ 12,402
KidSport Alberta	-	12,500
Government assistance receivable	3,713	-
	\$ 25,693	\$ 24,902

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, 2020 the Board has allocated \$70,608 (2019 - \$70,352) of unrestricted net assets to the reserve fund.

7. 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.

	2020	2019
Balance, beginning of year	\$ 31,999	\$ 52,045
Casino proceeds	42,000	76,908
Raffle proceeds	597	19,830
Third party Casino transfers	11,673	35,000
Casino expenditures	(11,822)	(101,777)
Raffle expenditures	(597)	(50,007)
	\$ 73,850	\$ 31,999

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Notes to the Financial Statements

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8. Loan payable

The Society received an interest-free Canada Emergency Business Account (CEBA) loan under the Government of Canada response program of \$40,000, of which 25% is forgivable if fully repaid by December 31, 2022. The forgivable portion of \$10,000 has been included in Government emergency funding revenue.

9. Events

	2020	2019
Fundraising revenue	\$ 83,395	\$ 169,396
Fundraising expense	(43,993)	(60,737)
	39,402	108,659
Third party events revenue	29,105	106,991
	\$ 68,507	\$ 215,650

10. Gaming revenue

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

	2020	2019
AGLC	\$ 149	\$ 66,777
Donations	11,673	35,000
Raffle	597	50,007
	\$ 12,419	\$ 151,784

11. 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, 2020 the balance in the KidSport Edmonton Fund was \$40,683 (2019 - \$37,788). Contributions made during the year were \$nil (2019 - \$nil).

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Notes to the Financial Statements

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12. Government emergency funding

In response to the COVID-19 pandemic, the Society has pursued available government assistance programs. During the year, the Society received \$36,544 under the Canada Emergency Wage Subsidy (CEWS) program and has recognized \$10,000 of the forgivable loan under the Canada Emergency Business Account (CEBA) program.

13. Financial instruments

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

In the opinion of management, the Society's exposure to financial instrument risks including currency risk, credit risk, liquidity risk and interest rate risk is low and is not material.

14. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.