

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

**Financial Statements**

**December 31, 2018**

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**(o/a Kidsport Edmonton)**  
**Financial Statements**

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**December 31, 2018**

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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, 2018, 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, 2018, 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 Kidsport Society of Edmonton (o/a Kidsport Edmonton) derives revenue from donations and fundraising 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 Kidsport Society of Edmonton (o/a Kidsport Edmonton). Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 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 15, 2019

**Crowe Mackay LLP**  
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>2018</b>	<b>2017</b>
<b>Revenues</b>		
Donations		
Individuals	\$ 23,231	\$ 22,241
Corporate	154,080	109,909
Grants		
Foundation grants	233,801	168,932
Government grants	2,363	22,000
Events (net) (note 6)	99,741	72,181
Gaming revenue (note 7)	25,000	102,800
Partnerships	35,500	35,600
Other	3,094	20,296
	<b>576,810</b>	<b>553,959</b>
<b>Expenditures</b>		
Bad debts	3,000	-
Edmonton Community Foundation Endowment Fund (note 8)	-	10,000
Funding grants	348,081	575,901
Insurance	1,990	1,829
Marketing and communications	4,392	2,216
Office and administration	23,477	31,993
Rent and occupancy costs	7,823	7,713
Salaries and related benefits	148,522	123,331
	<b>537,285</b>	<b>752,983</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 39,525</b>	<b>\$ (199,024)</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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**2018**

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	<b>Total</b>	<b>Unrestricted</b>	<b>Reserve fund</b>
<b>Balance, beginning of year</b>	<b>\$ 255,921</b>	<b>\$ 185,795</b>	<b>\$ 70,126</b>
<b>Excess of revenues over expenditures</b>	<b>39,525</b>	<b>39,449</b>	<b>76</b>
<b>Balance, end of year</b>	<b>\$ 295,446</b>	<b>\$ 225,244</b>	<b>\$ 70,202</b>

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**2017**

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	<b>Total</b>	<b>Unrestricted</b>	<b>Reserve fund</b>
<b>Balance, beginning of year</b>	<b>\$ 454,945</b>	<b>\$ 399,887</b>	<b>\$ 55,058</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(199,024)</b>	<b>(199,092)</b>	<b>68</b>
<b>Transfer to reserve fund (note 9)</b>	<b>-</b>	<b>(15,000)</b>	<b>15,000</b>
<b>Balance, end of year</b>	<b>\$ 255,921</b>	<b>\$ 185,795</b>	<b>\$ 70,126</b>

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

**Statement of Financial Position**

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**December 31,** **2018** **2017**

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**Assets**

**Current**

Cash (note 3)	\$ 274,190	\$ 184,870
Accounts receivable	7,084	9,073
Prepaid expenses	1,260	1,378

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**282,534** **195,321**

**Restricted cash (note 9)** **70,202** **70,126**

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**\$ 352,736** **\$ 265,447**

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**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$ 5,245	\$ 7,506
Unearned contributions (note 4)	52,045	2,020

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**57,290** **9,526**

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**Net Assets**

<b>Unrestricted</b>	<b>225,244</b>	<b>185,795</b>
<b>Reserve fund (note 9)</b>	<b>70,202</b>	<b>70,126</b>

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**295,446** **255,921**

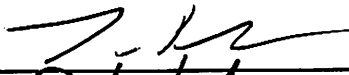

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**\$ 352,736** **\$ 265,447**

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**Commitment (note 5)**

Approved on behalf of the Board:

	Director
	Director

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**Kidsport Society of Edmonton**  
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**Statement of Cash Flows**

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<b>For the year ended December 31,</b>	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ 39,525	\$ (199,024)
Change in non-cash working capital items		
Accounts receivable	1,989	787
Prepaid expenses	118	(8)
Accounts payable and accrued liabilities	(2,261)	2,262
Unearned contributions	50,025	(1,965)
	<b>89,396</b>	<b>(197,948)</b>
<b>Investing activity</b>		
Restricted cash	(76)	(15,068)
<b>Increase (decrease) in cash</b>	<b>89,320</b>	<b>(213,016)</b>
<b>Cash, beginning of year</b>	<b>184,870</b>	<b>397,886</b>
<b>Cash, end of year</b>	<b>\$ 274,190</b>	<b>\$ 184,870</b>

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

**Notes to the Financial Statements**

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**December 31, 2018**

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**1. Nature of operations**

Kidsport 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. Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant 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) Equipment**

As the Society's revenues are above \$500,000, it is required to capitalize capital purchases. Capital items will be recorded at cost and provide for amortization over their estimated useful lives. No capital purchases made in the 2018 fiscal year.

**(c) 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.

**(d) Cash equivalents**

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

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

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**December 31, 2018**

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

**(e) 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.

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.

**(f) 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. Cash**

Included in cash is \$52,045 (2017 - \$2,020) 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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**Kidsport Society of Edmonton**  
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**Notes to the Financial Statements**

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**December 31, 2018**

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**4. 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>2018</b>	<b>2017</b>
Balance, beginning of year	\$ 2,020	\$ 3,985
Casino proceeds	-	75,835
Raffle proceeds	<b>100,000</b>	-
Third party Casino transfers	<b>25,000</b>	25,000
Casino expenditures	<b>(25,000)</b>	(102,800)
Raffle expenditures	<b>(49,975)</b>	-
	<b>\$ 52,045</b>	<b>\$ 2,020</b>

**5. Commitment**

The Society leases an office space that expires November 30, 2019. The Society's base rent and utility costs is approximately \$654 per month.

2019	\$ 7,194
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**6. Events**

	<b>2018</b>	<b>2017</b>
Fundraising revenues	\$ 169,048	\$ 106,066
Fundraising expenses	<b>(69,307)</b>	<b>(33,385)</b>
	<b>\$ 99,741</b>	<b>\$ 72,681</b>

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

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**7. Gaming revenue**

Casino Revenue consists of funds from AGLC as well as donations from other partners with Casino funding.

	<b>2018</b>	<b>2017</b>
AGLC	\$ -	\$ 77,800
Donations	<b>25,000</b>	25,000
	<b>\$ 25,000</b>	<b>\$ 102,800</b>

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**8. 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, 2018 the balance in the KidSport Edmonton Fund was \$39,746 (2017 - \$39,746). Contributions made during the year were nil (2017 - \$10,000).

**9. 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, 2018 the Board has allocated \$70,202 (2017 - \$70,126) of unrestricted net assets to the reserve fund.

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

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**December 31, 2018**

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**10. 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.

**11. 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.