

**KIDSPORT SOCIETY OF ALBERTA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**



**KIDSPORT SOCIETY OF ALBERTA
INDEX TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenditures	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10





ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS

Daniel J. St. Arnaud, CPA, CA**

John H.C. Pinsent, FCPA, FCA, ICD.D**

Benardus C. Steman, CPA, CA, CFA**

INDEPENDENT AUDITOR'S REPORT

To the Members of KidSport Society of Alberta

Qualified Opinion

We have audited the financial statements of KidSport Society of Alberta (the "Society"), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, revenues and expenditures 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 organization as at December 31, 2021, and the results of its operations and 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 revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations, receipts, deferred contributions, excess of revenue over expenditures, current assets or net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with 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 audit 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.

(continues)

1653 – 91 Street SW ■ Edmonton, AB T6X 0W8
Phone: (780) 448-0399 ■ Fax: (780) 468-6400 ■ www.sps-ca.ca

* An Association to Practise Chartered Accountancy ** Operates as a Professional Corporation

Independent Auditor's Report to the Members of KidSport Society of Alberta (continued)

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

John H.C. Pinsent Professional Corporation


Edmonton, Alberta
April 8, 2022


John H.C. Pinsent Professional Corporation
Chartered Professional Accountant

KIDSPORT SOCIETY OF ALBERTA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	2021 \$	2020 \$
ASSETS		
CURRENT		
Cash (Note 3)	750,792	843,483
Accounts receivable	219,414	91,419
Prepaid expenses	1,015	952
Short term investments (Note 4)	3,000	-
	974,221	935,854
INVESTMENTS (Note 4)	-	3,000
TOTAL ASSETS	974,221	938,854
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	3,900	3,900
Donations payable to chapters	114,886	103,963
Deferred contributions (Note 7)	62,573	2,790
	181,359	110,653
CANADA EMERGENCY BUSINESS ACCOUNT (Note 8)	-	30,000
TOTAL LIABILITIES	181,359	140,653
NET ASSETS	792,862	798,201
	974,221	938,854

APPROVED BY THE DIRECTORS

DocuSigned by:

 _____ Director

DocuSigned by:

 _____ Director

The accompanying notes form part of these financial statements



KIDSPORT SOCIETY OF ALBERTA
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	2021	2020
	\$	\$
NET ASSETS - BEGINNING OF YEAR	798,201	794,230
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(5,339)</u>	<u>3,971</u>
NET ASSETS - END OF YEAR	<u>792,862</u>	<u>798,201</u>

The accompanying notes form part of these financial statements



KIDSPORT SOCIETY OF ALBERTA
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2021

	2021	2020
	\$	Note 9 \$
REVENUES		
Local community chapter donations and fundraising	443,160	869,804
Donations and fundraising	822,812	747,172
Casino	5,104	32,103
Government of Alberta (Note 6)	115,923	383,084
Other	818	530
	<u>1,387,817</u>	<u>2,032,693</u>
EXPENSES		
Advertising	4,825	35,951
Amortization	-	786
Funding to community chapters and sports organizations	1,100,726	1,747,615
Fundraising	18,824	13,757
Insurance	3,077	3,382
Interest and bank charges	4,854	3,641
Licenses, fees and dues	1,000	1,125
Office	10,359	5,928
Professional fees	6,300	6,615
Travel	2,871	3,531
Utilities	2,548	5,362
Wages and benefits	247,772	227,284
	<u>1,403,156</u>	<u>2,054,977</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(15,339)</u>	<u>(22,284)</u>
OTHER ITEMS		
COVID-19 subsidies (Note 8)	10,000	52,148
Loss on disposal of equipment	-	(25,893)
	<u>10,000</u>	<u>26,255</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	<u>(5,339)</u>	<u>3,971</u>

The accompanying notes form part of these financial statements



KIDSPORT SOCIETY OF ALBERTA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	(5,339)	3,971
Items not affecting cash:		
Loss on disposal of equipment	-	25,893
Amortization	-	786
	<u>(5,339)</u>	<u>30,650</u>
Changes in non-cash working capital:		
Accounts receivable	(127,995)	104,023
Prepaid expenses	(63)	217
Accounts payable and accrued liabilities	-	(1,817)
Deferred contributions	59,783	(32,102)
Donations payable to chapters	10,923	(20,471)
	<u>(57,352)</u>	<u>49,850</u>
Cash flow from (used by) operating activities	<u>(62,691)</u>	<u>80,500</u>
FINANCING ACTIVITIES		
Canada Emergency Business Account loan proceeds (Note 8)	10,000	30,000
Canada Emergency Business Account loan repayment (Note 8)	(40,000)	-
Cash flow from (used by) financing activities	<u>(30,000)</u>	<u>30,000</u>
INCREASE (DECREASE) IN CASH FLOW	(92,691)	110,500
Cash - beginning of year	<u>843,483</u>	<u>732,983</u>
CASH - END OF YEAR (Note 3)	<u>750,792</u>	<u>843,483</u>

The accompanying notes form part of these financial statements



KIDSPORT SOCIETY OF ALBERTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

1. NATURE OF THE ORGANIZATION

KidSport Society of Alberta ("the Society") is a not-for-profit charitable organization incorporated under the Societies Act of the Province of Alberta and is exempt from the payment of Income Tax under Section 149 of the Income Tax Act. The Society provides support to children in order to remove the financial barriers that prevent them from playing organized sports.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Measurement uncertainty

The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations that have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies.

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 goods and services are recognized when the services or goods are sold and collectability is reasonably assured.

Contributed services

Volunteers contribute an indeterminable number of hours to assist the Society in carrying out its activities. Neither the value of the contributions nor the cost of the services is recognized in the financial statements unless the fair value of the services can be reasonably estimated.

Income taxes

KidSport Society of Alberta is a charitable organization and as such is exempt from income taxes.

Cash and cash equivalents

The Society's policy is to present bank balances under cash and cash equivalents.

(continues)



KIDSPORT SOCIETY OF ALBERTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is stated at cost less accumulated amortization. Amortization is recorded to amortize the cost of the assets over their estimated useful lives and is calculated at the annual rate in the year of the purchase. Amortization is recorded at the following rates and methods:

Computers	4 years straight-line method
-----------	------------------------------

Financial instruments

The Society's financial instruments consist of cash and accounts receivable. The Society initially measured its financial assets and liabilities at cost. The Society subsequently measures all its financial assets and liabilities at cost or amortized cost. Carrying values approximate their fair market values due to the relatively short period of maturity of these instruments.

The Society is exposed to the following risks arising from these financial instruments, without being exposed to concentrations of risk.

Credit Risk

Financial instruments that subject the Society to credit risk consists primarily of cash and accounts receivable. The Society uses specific identification for credit losses. The Society provides services to a diverse client base and its credit risk is not concentrated in any one particular client, industry or geographic segment.

Interest Rate Risk

The Society is subject to interest risk to the extent that its bank accounts earn interest based on floating rates of interest. The effective interest rate during the year varies according to the bank prime rate.

3. CASH

Cash consists of:

	2021 \$	2020 \$
Operational bank account	402,613	509,512
KidSport Canada - Alberta bank account	348,140	330,710
Casino bank account	39	3,261
	750,792	843,483



KIDSPORT SOCIETY OF ALBERTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

4. INVESTMENTS

Investments consist of a GIC bearing interest at 2% per annum, issued October 30, 2020 and maturing October 27, 2022.

	2021 \$	2020 \$
GIC, Operational bank account	3,000	3,000

5. EQUIPMENT

	Cost \$	Accumulated amortization \$	2021 Net book value \$	2020 Net book value \$
Computers	3,144	3,144	-	-

Amortization of capital lease was \$nil in 2021 (2020 - \$786).

6. GRANT FUNDING FROM THE GOVERNMENT OF ALBERTA

The Society receives grant funding from the Government of Alberta. Funds that are not fully expended in the fiscal year must be recorded as deferred revenue. The funds received in fiscal 2021 and 2020 have each been fully expended in the years received.

Grant funding received from the Government of Alberta consist of:

	2021 \$	2020 \$
Association Development Program	81,423	81,423
Pepsi-Safeway Sport Endowment Fund	32,800	-
John Saccomani Memorial Fund	1,700	-
COVID-19 Emergency Subsidy Fund for Sports Organizations	-	260,750
Community Initiatives Program Grant	-	40,911
Total Government of Alberta funding	115,923	383,084



KIDSPORT SOCIETY OF ALBERTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

7. DEFERRED CONTRIBUTIONS

Deferred contributions are comprised of Casino revenue, which is restricted by Alberta Gaming, Liquor and Cannabis Use of Proceeds regulations. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

	2021 \$	2020 \$
Balance, beginning of year	2,790	34,892
Receivable in the year	62,536	-
Recognized as revenue during the year	(2,753)	(32,102)
Balance, end of year	62,573	2,790

8. COVID-19 PANDEMIC

The Government of Alberta declared a public health emergency in response to the COVID-19 global pandemic, as of March 17, 2020. Federal and Provincial programs, supports, and regulations are continuously developing. The Financial impact of this public health emergency has been evolving, which precludes a reasonable estimate of the overall financial or operational impact on the Society.

As a result of COVID-19, federal government assistance was provided under the 10% Temporary Wage Subsidy and the Canada Emergency Wage Subsidy (CEWS) programs. These program provided non-repayable subsidies to entities experiencing a decrease in revenues over the eligibility period to subsidize labour costs in fiscal 2020.

Further federal government assistance was provided under the Canada Emergency Business Account (CEBA). This program provides interest free loans intended to subsidize non-deferrable expenses in the face of COVID-19. In fiscal 2021, the Society received a loan of \$20,000 (2020 - \$40,000) of which \$10,000 (2020 - \$10,000) is forgivable if the balance of the loan is repaid by December 31, 2022. The Society repaid CEBA during fiscal 2021.

	2021 \$	2020 \$
<u>COVID-19 Subsidies</u>		
Canada Emergency Wage Subsidy	-	36,648
10% Temporary Wage Subsidy	-	5,500
Canada Emergency Business Account	10,000	10,000
	10,000	52,148

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

