

**KIDSPORT SOCIETY OF ALBERTA  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**KIDSPORT SOCIETY OF ALBERTA  
INDEX TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

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|  | Page   |
|--|--------|
| INDEPENDENT AUDITOR'S REPORT           | 1 - 3  |
| FINANCIAL STATEMENTS                   |        |
| Statement of Financial Position        | 4      |
| Statement of Changes in Net Assets     | 5      |
| Statement of Revenues and Expenditures | 6      |
| Statement of Cash Flows                | 7      |
| Notes to Financial Statements          | 8 - 12 |



## ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS  
AN ASSOCIATION TO PRACTISE CHARTERED PROFESSIONAL ACCOUNTANCY

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JAM Accounting Group LLP ◻

### 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, 2023, 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 Society as at December 31, 2023, 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 (ASNPO).

#### *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 year ended December 31, 2023, current assets and net assets as at December 31, 2023. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

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 Society 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.

(continues)

▪ Operating as a Professional Corporation ◻ Operating as a Limited Liability Partnership

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*Other Matter*

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on April 17, 2023 for the reasons described in the *Basis for Qualified Opinion* section.

*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 ASNPO, 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.

*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.

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

- 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.

*JAM Accounting Group LLP*

Edmonton, Alberta  
April 15, 2024

JAM Accounting Group LLP  
Chartered Professional Accountants

**KIDSPORT SOCIETY OF ALBERTA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

|  | <b>2023</b>      | <b>2022</b>                  |
|--|------------------|------------------------------|
|  | <b>\$</b>        | <i>Restated</i><br><b>\$</b> |
| <b>ASSETS</b>                                    |                  |                              |
| <b>CURRENT</b>                                   |                  |                              |
| Cash ( <i>Notes 3, 11</i> )                      | <b>2,833,324</b> | 2,269,708                    |
| Accounts receivable ( <i>Note 5</i> )            | <b>142,079</b>   | 644,268                      |
| Wages recoverable                                | <b>120</b>       | -                            |
| Prepaid expenses                                 | <b>1,086</b>     | 1,050                        |
| Short term investments ( <i>Note 4</i> )         | <b>-</b>         | 3,054                        |
|  | <b>2,976,609</b> | 2,918,080                    |
| EQUIPMENT ( <i>Note 6</i> )                      | <b>4,609</b>     | 4,190                        |
| <b>TOTAL ASSETS</b>                              | <b>2,981,218</b> | 2,922,270                    |
| <b>LIABILITIES</b>                               |                  |                              |
| <b>CURRENT</b>                                   |                  |                              |
| Accounts payable and accrued liabilities         | <b>4,500</b>     | 4,401                        |
| Wages payable                                    | <b>-</b>         | 450                          |
| Donations payable to chapters ( <i>Note 11</i> ) | <b>171,139</b>   | 906,782                      |
| Deferred contributions ( <i>Note 7</i> )         | <b>1,491,635</b> | 1,129,976                    |
| <b>TOTAL LIABILITIES</b>                         | <b>1,667,274</b> | 2,041,609                    |
| <b>NET ASSETS</b>                                | <b>1,313,944</b> | 880,661                      |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>          | <b>2,981,218</b> | 2,922,270                    |

**APPROVED BY THE DIRECTORS**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

*The accompanying notes form part of these financial statements*

**KIDSPORT SOCIETY OF ALBERTA**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2023**

|   | <b>2023</b>      | 2022            |
|---|------------------|-----------------|
|   | <b>\$</b>        | <i>Restated</i> |
|   |                  | <b>\$</b>       |
| <b>NET ASSETS - BEGINNING OF YEAR</b>         | <b>880,661</b>   | 792,862         |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <b>433,283</b>   | 87,799          |
| <b>NET ASSETS - END OF YEAR</b>               | <b>1,313,944</b> | 880,661         |

*The accompanying notes form part of these financial statements*

**KIDSPORT SOCIETY OF ALBERTA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2023**

|   | 2023             | 2022                  |
|---|------------------|-----------------------|
|   | \$               | <i>Restated</i><br>\$ |
| <b>REVENUES</b>   |                  |                       |
| Government of Alberta ( <i>Note 9</i> )                                   | 2,426,506        | 2,839,743             |
| KidSport Canada donations ( <i>Note 8</i> )                               | 2,907,830        | 3,171,083             |
| Local community chapter donations and fundraising                         | 704,909          | 840,131               |
| Other donations and fundraising   | 501,112          | 353,900               |
| Casino  | 12,621           | 27,152                |
| Other   | 1,570            | 1,781                 |
|   | <b>6,554,548</b> | <b>7,233,790</b>      |
| <b>EXPENSES</b>   |                  |                       |
| Funding to community chapters and sports organizations ( <i>Note 11</i> ) | 3,865,723        | 3,895,800             |
| Hockey Assist Program   | 1,751,851        | 1,591,710             |
| Wages and benefits  | 382,415          | 306,228               |
| Office  | 29,266           | 25,098                |
| Annual General Meetings   | 18,491           | 24,541                |
| Advertising   | 18,055           | 6,489                 |
| Travel  | 12,856           | 7,826                 |
| Return-to-play funding to organizations                                   | 10,828           | 1,249,833             |
| Interest and bank charges   | 9,332            | 10,456                |
| Professional fees   | 6,825            | 6,800                 |
| Fundraising   | 8,131            | 15,050                |
| Insurance   | 3,222            | 3,115                 |
| Utilities   | 2,115            | 1,557                 |
| Amortization  | 1,155            | 542                   |
| Licenses, fees and dues   | 1,000            | 1,000                 |
|   | <b>6,121,265</b> | <b>7,146,045</b>      |
| <b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>                   | <b>433,283</b>   | <b>87,745</b>         |
| <b>OTHER ITEMS</b>  |                  |                       |
| Interest income   | -                | 54                    |
| <b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>                      | <b>433,283</b>   | <b>87,799</b>         |

The accompanying notes form part of these financial statements



**KIDSPORT SOCIETY OF ALBERTA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2023**

|  | 2023                    | 2022                    |
|--|-------------------------|-------------------------|
|  | \$                      | <i>Restated</i><br>\$   |
| <b>OPERATING ACTIVITIES</b>                      |                         |                         |
| Excess of revenues over expenses                 | 433,283                 | 87,799                  |
| Item not affecting cash:                         |                         |                         |
| Amortization                                     | 1,155                   | 542                     |
|  | <u>434,438</u>          | <u>88,341</u>           |
| Changes in non-cash working capital:             |                         |                         |
| Accounts receivable                              | 502,191                 | (424,854)               |
| Prepaid expenses                                 | (36)                    | (35)                    |
| Accounts payable and accrued liabilities         | 100                     | 501                     |
| Deferred contributions                           | 361,659                 | 1,067,403               |
| Wages payable                                    | (570)                   | 450                     |
| Donations payable to chapters ( <i>Note 11</i> ) | (735,645)               | 791,896                 |
|  | <u>127,699</u>          | <u>1,435,361</u>        |
| Cash flow from operating activities              | <u>562,137</u>          | <u>1,523,702</u>        |
| <b>INVESTING ACTIVITIES</b>                      |                         |                         |
| Purchase of equipment                            | (1,575)                 | (4,732)                 |
| Proceeds from (investment in) GIC                | 3,054                   | (54)                    |
| Cash flow from (used by) investing activities    | <u>1,479</u>            | <u>(4,786)</u>          |
| <b>INCREASE IN CASH FLOW</b>                     | <b>563,616</b>          | <b>1,518,916</b>        |
| Cash - beginning of year                         | <u>2,269,708</u>        | <u>750,792</u>          |
| <b>CASH - END OF YEAR (<i>Notes 3, 11</i>)</b>   | <b><u>2,833,324</u></b> | <b><u>2,269,708</u></b> |

The accompanying notes form part of these financial statements

**KIDSPORT SOCIETY OF ALBERTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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**1. NATURE OF THE ORGANIZATION**

KidSport Society of Alberta ("the Society") is a 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.

Donations received by KidSport Canada on behalf of KidSport Alberta chapters is recognized when received or receivable, and in the year in which tax receipts are issued.

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 registered 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, 2023**

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**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 |
| Furniture and fixtures | 5 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:

|  | <b>2023</b>      | <b>2022</b> |
|--|------------------|-------------|
|  | <b>\$</b>        | <b>\$</b>   |
| Operational bank account                         | <b>281,475</b>   | 764,418     |
| KidSport Canada - Alberta bank account (Note 11) | <b>2,439,020</b> | 1,468,496   |
| Casino bank account                              | <b>112,829</b>   | 36,794      |
|  | <b>2,833,324</b> | 2,269,708   |

**4. INVESTMENTS**

Investments consist of a GIC bearing interest at 4.3% per annum which matured on October 31, 2023 and was not renewed.

|                               | <b>2023</b> | <b>2022</b> |
|-------------------------------|-------------|-------------|
|                               | <b>\$</b>   | <b>\$</b>   |
| GIC, Operational bank account | -           | 3,054       |

**KIDSPORT SOCIETY OF ALBERTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**5. ACCOUNTS RECEIVABLE**

Accounts receivable is comprised of grants receivable and donations receivable from Chapters.

|                      | <b>2023</b>    | 2022    |
|----------------------|----------------|---------|
|                      | <b>\$</b>      | \$      |
| Grants receivable    | -              | 40,712  |
| Donations receivable | <b>142,079</b> | 603,557 |
|                      | <b>142,079</b> | 644,269 |

**6. EQUIPMENT**

|                        | Cost  | Accumulated<br>amortization | <b>2023</b><br>Net book<br>value | 2022<br>Net book<br>value |
|------------------------|-------|-----------------------------|----------------------------------|---------------------------|
|                        | \$    | \$                          | \$                               | \$                        |
| Computers              | 7,462 | 4,284                       | <b>3,178</b>                     | 2,401                     |
| Furniture and fixtures | 1,988 | 557                         | <b>1,431</b>                     | 1,789                     |
|                        | 9,450 | 4,841                       | <b>4,609</b>                     | 4,190                     |

**7. DEFERRED CONTRIBUTIONS**

Deferred contributions are comprised of restricted contributions which are recognized as revenue in the year in which the related expenses are incurred. In fiscal 2023, the deferred contributions consisted of:

(1) Casino revenue is restricted by Alberta Gaming, Liquor and Cannabis "Use of Proceeds" regulations. \$88,732 was received, and \$12,621 is recognized during the year. \$111,782 is deferred at December 31, 2023.

(2) Hockey Assist Program is restricted by the terms of the grant agreement between The Edmonton Oilers Community Foundation and KidSport Canada. \$1,500,000 in funding was received and \$83,346 is deferred to fiscal 2024 in accordance with the terms of the grant.

(3) Everyone Gets to Play Grant program is restricted by the terms of the grant agreement with the Government of Alberta. This \$3,150,000 program consisted of \$150,000 for program administration, and \$3,000,000 for the program. \$1,296,507 is deferred to fiscal 2024 in accordance with the terms of the grant.

|                                       | <b>2023</b>        | 2022        |
|---------------------------------------|--------------------|-------------|
|                                       | <b>\$</b>          | \$          |
| Balance, beginning of year            | <b>1,129,976</b>   | 62,573      |
| Receivable in the year                | <b>4,738,732</b>   | 6,396,301   |
| Recognized as revenue during the year | <b>(4,377,073)</b> | (5,328,898) |
| Balance, end of year                  | <b>1,491,635</b>   | 1,129,976   |

**KIDSPORT SOCIETY OF ALBERTA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

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**8. KIDSPORT CANADA DONATIONS**

Donations from KidSport Canada during 2023 include a \$1,500,000 grant (2022: \$2,000,000) from The Edmonton Oilers Community Foundation to fund the Hockey Assist Program in northern Alberta.

**9. 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 are recorded as deferred revenue.

The Association Development Program funds were fully expended in the years received.

The Society received \$3,250,000 under the Sport, Physical Activity and Recreation Stabilize Grant in fiscal 2022, recognized \$2,758,320 during 2022, and recognized the remainder during 2023.

The Society received \$3,150,000 under the Everyone Gets to Play Program in fiscal 2023, recognized \$1,853,493 to revenue during the year.

Grant funding revenue from the Government of Alberta consists of:

|   | <b>2023</b>      | 2022      |
|---|------------------|-----------|
|   | <b>\$</b>        | <b>\$</b> |
| Association Development Program                         | <b>81,500</b>    | 81,423    |
| Sport, Physical Activity and Recreation Stabilize Grant | <b>491,513</b>   | 2,758,320 |
| Everyone Gets to Play Program                           | <b>1,853,493</b> | -         |
| Total Government of Alberta funding                     | <b>2,426,506</b> | 2,839,743 |

**10. COMPARATIVE FIGURES**

The prior year comparative figures were audited by another firm of Chartered Professional Accountants.

Some comparative figures have been restated (see Note 11).

**KIDSPORT SOCIETY OF ALBERTA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

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**11. PRIOR YEAR ADJUSTMENT**

Subsequent to issue of the December 31, 2022 financial statements, two accounting changes were made.

Payments which had been classified as cheques outstanding were reclassified as donations payable to Chapters.

Amounts received and receipted by KidSport Canada prior to December 31, 2022 were recorded as donations payable to Chapters, and to the related Chapter funding expenses.

|  | As reported<br>\$ | As adjusted<br>\$ | <b>Change<br/>\$</b> |
|--|-------------------|-------------------|----------------------|
| KidSport Canada bank account                           | 1,256,105         | 1,468,496         | <b>212,391</b>       |
| Donations payable to Chapters                          | (97,482)          | (309,623)         | <b>(212,391)</b>     |
| Donations payable to Chapters                          | -                 | (597,159)         | <b>(597,159)</b>     |
| Funding to community chapters and sports organizations | 3,298,891         | 3,895,800         | <b>596,909</b>       |
| Opening retained earnings adjustment                   | -                 | -                 | <b>250</b>           |
|  |                   |                   | <hr/>                |
| Change in net assets                                   |                   |                   | <b>596,909</b>       |

The net effect of these adjustments to the statement of revenues and expenditures and the statement of net assets is \$596,909.