

EDMONTON KEYANO SWIM CLUB
Financial Statements
Year Ended August 31, 2021

Draft for discussion purposes only

Prepared by	Reviewed by
LOURJAN 9/23/22	TB 10/19/22

EDMONTON KEYANO SWIM CLUB

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Year Ended August 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Edmonton Keyano Swim Club

Qualified Opinion

We have audited the financial statements of Edmonton Keyano Swim Club (the Club), which comprise the statement of financial position as at August 31, 2021, and the statements of revenues and expenditures, 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 Club as at August 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 (ASNPO)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Club 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 Club. 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 August 31, 2021, current assets and net assets as at August 31, 2021. Our audit opinion on the financial statements for the year ended August 31, 2020 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 Club 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 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 Club'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 Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club's financial reporting process.

(continues)

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 Club'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 Club'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 Club 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 KEYANO SWIM CLUB**Statement of Financial Position****August 31, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 376,948	\$ 90,831
Restricted cash (Note 3)	39,062	253,228
Term deposits (Note 4)	311,697	399,769
Accounts receivable (Note 5)	175,277	150,898
Inventory	-	8,292
Prepaid expenses	-	200
	902,984	903,218
EQUIPMENT (Note 6)	13,722	17,152
INTANGIBLE ASSETS (Net of accumulated amortization)	771	868
	\$ 917,477	\$ 921,238
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 80,308	\$ 197,303
Deferred income	142,136	148,654
Deferred contributions (Note 7)	37,308	98,129
	259,752	444,086
LONG TERM DEBT (Note 8)	40,000	-
	299,752	444,086
NET ASSETS		
Unrestricted	604,003	460,000
Invested in equipment	13,722	17,152
	617,725	477,152
	\$ 917,477	\$ 921,238

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD_____
Director_____
DirectorPrinted: November 18, 2022 1:40 PM
See notes to financial statements

Prep _____ Added _____ Approved _____

EDMONTON KEYANO SWIM CLUB
Statement of Revenues and Expenditures
Year Ended August 31, 2021

	2021	2020
REVENUES		
Member fees	\$ 432,425	\$ 565,891
AGLC gaming proceeds (Note 7)	206,032	251,761
University of Alberta (Note 7)	52,482	-
Meets and camps	40,641	135,823
Swim Alberta (Note 7)	24,360	33,545
Swimming Canada (Note 7)	10,000	10,000
Investment income	5,732	5,540
Fundraising	100	17,244
Equipment and apparel	24	19,016
Travel	-	74,778
City of Edmonton CIOG grant	-	16,500
	<u>771,796</u>	<u>1,130,098</u>
DIRECT COSTS		
Salaries and wages	525,873	550,710
Pool rental	183,899	253,482
Swim Alberta registration fees	30,593	47,405
Contractors	29,406	49,037
Equipment and apparel	14,011	19,913
High performance	13,615	8,516
Coaching	8,468	14,340
Travel	5,342	105,499
Meets and camps	3,527	63,507
	<u>814,734</u>	<u>1,112,409</u>
GROSS MARGIN	(42,938)	17,689
ADMINISTRATIVE EXPENDITURES (Schedule 1)	<u>61,913</u>	<u>109,430</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(104,851)</u>	<u>(91,741)</u>
OTHER INCOME		
Canada Emergency Wage Subsidy (CEWS)	210,424	96,768
Forgivable portion of CEBA loan	20,000	-
Alberta Small and Medium Enterprise Relaunch Grant	15,000	5,000
	<u>245,424</u>	<u>101,768</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 140,573</u>	<u>\$ 10,027</u>

EDMONTON KEYANO SWIM CLUB
Statement of Changes in Net Assets
Year Ended August 31, 2021

	Unrestricted	Invested in equipment	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 460,000	\$ 17,152	\$ 477,152	\$ 467,125
Excess of revenues over expenditures	144,003	(3,430)	140,573	10,027
NET ASSETS - END OF YEAR	\$ 604,003	\$ 13,722	\$ 617,725	\$ 477,152

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EDMONTON KEYANO SWIM CLUB**Statement of Cash Flows****Year Ended August 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over administrative expenditures	\$ 140,573	\$ 10,027
Items not affecting cash:		
Amortization	3,430	3,439
Amortization of intangible assets	97	97
	<u>144,100</u>	<u>13,563</u>
Changes in non-cash working capital:		
Accounts receivable	(24,379)	(50,636)
Inventory	8,292	4,796
Accounts payable	(116,995)	125,684
Prepaid expenses	200	716
Deferred contributions	(60,821)	(50,888)
Deferred income	(6,518)	(18,317)
	<u>(200,221)</u>	<u>11,355</u>
Cash flow from (used by) operating activities	<u>(56,121)</u>	<u>24,918</u>
INVESTING ACTIVITY		
Purchase of equipment	-	(6,793)
FINANCING ACTIVITY		
Proceeds from long term financing	40,000	-
INCREASE (DECREASE) IN CASH FLOW	<u>(16,121)</u>	<u>18,125</u>
Cash - beginning of year	<u>743,828</u>	<u>725,703</u>
CASH - END OF YEAR	<u>\$ 727,707</u>	<u>\$ 743,828</u>
CASH CONSISTS OF:		
Cash	\$ 376,948	\$ 90,831
Term deposits	311,697	399,769
Restricted cash	39,062	253,228
	<u>\$ 727,707</u>	<u>\$ 743,828</u>

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2021

1. PURPOSE OF THE CLUB

Edmonton Keyano Swim Club (the "Club") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Club's purpose is to support the development of it's members as a competitive swim club.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

The financial statements have been classified into the following funds:

The unrestricted fund accounts for the Club's program delivery, support and administrative activities.

The invested in equipment fund reports the assets, liabilities, revenues and expenditures related to the Club's capital assets.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, balances with banks and term deposits with an original maturity at date of purchase less than 90 days.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Other investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Computer equipment	20%	declining balance method
Equipment	20%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets, comprised of a trademark, is being amortized on a straight-line basis over its license term of fifteen years.

Revenue recognition

Edmonton Keyano Swim Club 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.

Membership fee revenues are recognized on a straight-line basis over the term of the membership. Hosted meet event and camp revenues are recognized when the event occurs. Coaching revenues are recognized when the service is delivered.

Contributed services and materials

The operations of the Club depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. RESTRICTED CASH

Restricted cash is comprised of proceeds distributed by Alberta Gaming, Liquor and Cannabis (AGLC) raised from regulated gaming activities. The use of these gaming proceeds is restricted to the approved use by AGLC.

4. TERM DEPOSITS

Term deposits with an original maturity at date of purchase greater than 90 days, bearing interest at rates from 0.20% to 1.25% per annum, maturing from March 2022 to May 2022, carried at fair value.

EDMONTON KEYANO SWIM CLUB**Notes to Financial Statements****Year Ended August 31, 2021****5. ACCOUNTS RECEIVABLE**

	<u>2021</u>	<u>2020</u>
AGLC gaming proceeds	\$ 40,301	\$ 20,230
Canada Emergency Wage Subsidy (CEWS)	108,560	96,768
City of Edmonton CIOG grant	16,500	16,500
Trade	9,916	17,400
	<u>\$ 175,277</u>	<u>\$ 150,898</u>

During the year, the Club recorded impairments of \$nil (2020 - \$568). This amount, net of recoveries of \$nil (2020 - \$nil) for previously recognized impairments is included in bad debts expense. During the year, the Club derecognized \$nil (2020 - \$568) of accounts receivable previously provided for in the allowance for doubtful accounts.

6. EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 24,339	\$ 15,387	\$ 8,952	\$ 11,190
Equipment	46,953	44,091	2,862	3,577
Furniture and fixtures	37,888	35,980	1,908	2,385
Leasehold improvements	11,911	11,911	-	-
	<u>\$ 121,091</u>	<u>\$ 107,369</u>	<u>\$ 13,722</u>	<u>\$ 17,152</u>

7. DEFERRED CONTRIBUTIONS

	Balance, beginning of year	Received during year	Recognized to revenue	Balance, end of year
AGLC gaming proceeds	\$ 98,129	\$ 135,619	\$ (206,032)	\$ 27,716
Swim Alberta	-	24,360	(24,360)	-
Swimming Canada	-	10,000	(10,000)	-
University of Alberta	-	62,074	(52,482)	9,592
	<u>\$ 98,129</u>	<u>\$ 232,053</u>	<u>\$ (292,874)</u>	<u>\$ 37,308</u>

EDMONTON KEYANO SWIM CLUB**Notes to Financial Statements****Year Ended August 31, 2021****8. LONG TERM DEBT**

	<u>2021</u>	<u>2020</u>
Canada Emergency Business Account (CEBA) loan bearing interest at 5% per annum; not bearing interest until December 31, 2023. Repaying the loan on or before December 31, 2023 will result in loan forgiveness of 33% of the highest amount drawn; up to a maximum of \$20,000. The forgivable portion of the loan has been included in income	\$ 40,000	\$ -
Amounts payable within one year	-	-
	<u>\$ 40,000</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2024	<u>\$ 40,000</u>
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9. RELATED PARTY TRANSACTIONS

The Club received \$17,429 (2020 - \$36,849) from members of the Board of Directors for member fees, meets and camps and equipment and apparel. The amounts were charged under the same rates and terms available to the Club's members.

10. LEASE COMMITMENTS

The Club has a long term lease with respect to its premises that expires on August 31, 2022. The Club is also committed to a photocopier lease. Future minimum lease payments as at August 31, 2021, are as follows:

	<u>Premises</u>	<u>Photocopier</u>	<u>Total</u>
2022	\$ 7,630	\$ 3,396	\$ 11,026
2023	-	849	849
	<u>\$ 7,630</u>	<u>\$ 4,245</u>	<u>\$ 11,875</u>

11. COMPARATIVE FIGURES

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

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2021

12. FINANCIAL INSTRUMENTS

The Club is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Club's risk exposure and concentration as of August 31, 2021.

(a) Credit risk

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Club's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, term deposits and accounts receivable. The Club's cash and cash equivalents and term deposits are maintained with a large federally regulated financial institution. The Club, in its normal course of operations, is exposed to credit risk from its members. The amounts due are from a variety of members. The Club is not subject to significant concentration of credit risk with respect to its members.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Club is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, long term debt and accounts payable.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Club's interest-bearing assets include cash and cash equivalents and term deposits. Cash and cash equivalents are of maturities of 90 days or less, which minimizes the impact of fluctuations in market interest rates.

Unless otherwise noted, it is management's opinion that the Club is not exposed to significant other price risks arising from these financial instruments.

EDMONTON KEYANO SWIM CLUB**Administrative Expenditures****(Schedule 1)****Year Ended August 31, 2021**

	2021	2020
Credit card and bank charges	\$ 18,007	\$ 24,370
Office	9,581	13,810
Professional fees	9,240	9,423
Membership activities	7,986	16,948
Rental	7,344	8,737
Equipment rental	3,570	3,566
Amortization	3,430	3,439
Bingo and casino	1,356	4,792
Insurance	1,238	716
Amortization of intangible assets	97	97
Advertising and promotion	64	1,542
Awards banquet	-	11,114
Fundraising	-	10,308
Bad debts	-	568
	\$ 61,913	\$ 109,430

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