

EDMONTON KEYANO SWIM CLUB
Financial Statements
Year Ended August 31, 2023

EDMONTON KEYANO SWIM CLUB

Index to Financial Statements

Year Ended August 31, 2023

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

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, 2023, 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, 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 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, 2023, current assets and net assets as at August 31, 2023. Our audit opinion on the financial statements for the year ended August 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 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.

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Independent Auditor's Report to the Members of Edmonton Keyano Swim Club (*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 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 , Alberta
May 31, 2024

VKO LLP

VKO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

EDMONTON KEYANO SWIM CLUB**Statement of Financial Position****August 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash (Note 2)	\$ 693,588	\$ 656,535
Term deposits (Note 3)	-	76,306
Accounts receivable (Note 4)	136,944	167,515
Prepaid expenses	38,928	-
	869,460	900,356
EQUIPMENT (Note 5)	3,135	10,977
INTANGIBLE ASSETS (Net of accumulated amortization)	577	674
	\$ 873,172	\$ 912,007
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 30,225	\$ 60,602
Deferred income (Note 6)	221,158	186,727
Deferred contributions (Note 7)	139,403	156,677
	390,786	404,006
LONG TERM DEBT (Note 8)	-	40,000
	390,786	444,006
NET ASSETS		
Unrestricted	479,251	457,024
Invested in equipment	3,135	10,977
	482,386	468,001
	\$ 873,172	\$ 912,007

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD_____
Director_____
Director

See notes to financial statements

EDMONTON KEYANO SWIM CLUB
Statement of Revenues and Expenditures
Year Ended August 31, 2023

	2023	2022
REVENUES		
Member fees: training	\$ 812,811	\$ 611,969
Member fees: swim meets, travel and other	540,295	384,166
Member fees: annual registration	79,440	73,625
	<u>1,432,546</u>	<u>1,069,760</u>
AGLC gaming proceeds (Note 7)	378,644	177,825
University of Alberta (Note 7)	86,117	68,578
YMCA	73,724	44,971
Swim Alberta (Note 7)	37,800	19,500
Fundraising	21,293	1,025
Swimming Canada	-	27,000
City of Edmonton CIOG	-	16,500
	<u>2,030,124</u>	<u>1,425,159</u>
EXPENDITURES		
Salaries and wages	789,736	683,409
Pool rental	511,611	405,302
Swim meets, travel and other	497,350	303,759
Swim Alberta registration fees	120,887	87,671
Payment administration fees	43,022	34,010
Office	23,143	16,868
Sub-contracts	13,000	27,695
Professional fees	12,256	10,556
Rental	9,148	8,679
Advertising and promotion	6,356	7,167
Coaching	3,489	4,159
Bad debts	2,449	180
Insurance	2,121	1,858
Amortization	784	2,744
Interest and bank charges	505	523
Amortization of intangible assets	97	97
	<u>2,035,954</u>	<u>1,594,677</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(5,830)</u>	<u>(169,518)</u>
OTHER INCOME (EXPENSES)		
Interest income	27,271	6,245
Canada Emergency Wage Subsidy (CEWS)	-	13,549
Loss on disposal of equipment	(7,056)	-
	<u>20,215</u>	<u>19,794</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 14,385</u>	<u>\$ (149,724)</u>

See notes to financial statements

EDMONTON KEYANO SWIM CLUB
Statement of Changes in Net Assets
Year Ended August 31, 2023

	Unrestricted	Invested in equipment	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 457,024	\$ 10,977	\$ 468,001	\$ 617,725
Excess (deficiency) of revenues over expenditures	<u>22,227</u>	<u>(7,842)</u>	14,385	<u>(149,724)</u>
NET ASSETS - END OF YEAR	\$ 479,251	\$ 3,135	\$ 482,386	\$ 468,001

See notes to financial statements

EDMONTON KEYANO SWIM CLUB**Statement of Cash Flows****Year Ended August 31, 2023**

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 14,385	\$ (149,724)
Items not affecting cash:		
Amortization	784	2,744
Amortization of intangible assets	97	97
Loss on disposal of equipment	7,056	-
	<u>22,322</u>	<u>(146,883)</u>
Changes in non-cash working capital:		
Accounts receivable	30,571	7,762
Accounts payable	(30,375)	(19,705)
Prepaid expenses	(38,928)	-
Deferred income	34,431	44,591
Deferred contributions	(17,274)	119,369
	<u>(21,575)</u>	<u>152,017</u>
Cash flow from operating activities	<u>747</u>	<u>5,134</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(40,000)</u>	-
INCREASE (DECREASE) IN CASH FLOW	<u>(39,253)</u>	<u>5,134</u>
Cash - beginning of year	<u>732,841</u>	<u>727,707</u>
CASH - END OF YEAR	<u>\$ 693,588</u>	<u>\$ 732,841</u>
CASH CONSISTS OF:		
Cash	\$ 693,588	\$ 656,535
Term deposits	-	76,306
	<u>\$ 693,588</u>	<u>\$ 732,841</u>

See notes to financial statements

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2023

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.

1. 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:

Unrestricted Fund

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

Invested in Equipment Fund

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

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.

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.

Annual registration fees revenues are recognized on a straight-line basis over the term of the membership.

Member fees revenues are recognized when the event occurs or services are delivered.

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EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services and materials

The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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.

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.

Significant items subject to such estimates and assumptions include the estimated useful lives of equipment; allowance for doubtful accounts; and accrued liabilities.

2. 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. As at August 31, 2023, \$98,841 (2022 - 50,043) was restricted.

3. TERM DEPOSITS

	<u>Purchase date</u>	<u>Maturity date</u>	<u>Interest rate %</u>	<u>2023</u>	<u>2022</u>
Term deposits	March 9, 2022	March 9, 2023	0.8%	<u>\$ -</u>	<u>\$ 76,306</u>

4. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Trade	\$ 57,560	\$ 50,920
AGLC gaming proceeds	35,972	100,095
City of Edmonton CIOG	-	16,500
YMCA	43,412	-
	<u>136,944</u>	<u>167,515</u>
Allowance for doubtful accounts	-	-
	<u>\$ 136,944</u>	<u>\$ 167,515</u>

EDMONTON KEYANO SWIM CLUB**Notes to Financial Statements****Year Ended August 31, 2023****5. EQUIPMENT**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 6,793	\$ 3,663	\$ 3,130	\$ 7,162
Equipment	395	394	1	2,289
Furniture and fixtures	478	474	4	1,526
Leasehold improvements	4,062	4,062	-	-
	<u>\$ 11,728</u>	<u>\$ 8,593</u>	<u>\$ 3,135</u>	<u>\$ 10,977</u>

6. DEFERRED INCOME

	2023	2022
Annual registration fees	\$ 78,826	\$ 58,475
Customer overpayments	18,340	15,163
Refundable deposits	123,992	113,089
	<u>\$ 221,158</u>	<u>\$ 186,727</u>

7. DEFERRED CONTRIBUTIONS

	Balance, beginning of year	Received during year	Recognized to revenue	Balance, end of year
AGLC gaming proceeds	\$ 145,175	\$ 368,282	\$ (378,644)	\$ 134,813
University of Alberta	11,502	79,205	(86,117)	4,590
Swim Alberta	-	37,800	(37,800)	-
	<u>\$ 156,677</u>	<u>\$ 485,287</u>	<u>\$ (502,561)</u>	<u>\$ 139,403</u>

8. LONG TERM DEBT

	2023	2022
Canada Emergency Business Account (CEBA) loan	\$ -	\$ 40,000
Amounts payable within one year	-	-
	<u>\$ -</u>	<u>\$ 40,000</u>

9. RELATED PARTY TRANSACTIONS

The Club received \$41,825 (2022 - \$47,482) from members of the Board of Directors for member fees and annual registration fees. The amounts were charged under the same rates and terms available to the Club's members.

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2023

10. LEASE COMMITMENTS

The Club has a long term lease with respect to its premises that expires on August 31, 2024. Future minimum lease payments as at August 31, 2023, are as follows:

2024	<u>\$ 8,712</u>
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11. ECONOMIC DEPENDENCE

The Club is economically dependent upon Alberta Gaming, Liquor and Cannabis ("AGLC"). During the year, the Club received 21% (2022 - 12%) of its funding from AGLC. Included in accounts receivable is \$35,972 (2022 - \$100,095) due from AGLC.

12. COMPARATIVE FIGURES

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

13. 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, 2023.

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 accounts receivable. The Club's cash is maintained with a large federally regulated financial institution. The Club, in its normal course of operations, is exposed to credit risk from its customers. The amounts due are from a variety of members and government agencies. The Club is not subject to significant concentration of credit risk with respect to its customers.

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 and accounts payable.

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.

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