

**EDMONTON KEYANO SWIM CLUB**  
**Financial Statements**  
**Year Ended August 31, 2019**

**EDMONTON KEYANO SWIM CLUB**

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**Year Ended August 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2019, 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, 2019, and the results of its 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 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, 2019, current assets and net assets as at August 31, 2019.

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 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Other Matter*

The financial statements of Edmonton Keyano Swim Club for the year ended August 31, 2018 were audited by another auditor who expressed a modified opinion on those financial statements on April 27, 2019 for the same reason as noted in the *Basis for Qualified Opinion* section of our report.

### *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.

(continues)

Independent Auditor's Report to the Members of Edmonton Keyano Swim Club *(continued)*

In preparing the financial statements, management is responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

*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  
July 16, 2020

  
VKO LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

**EDMONTON KEYANO SWIM CLUB****Statement of Financial Position****August 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 249,379	\$ 441,219
Restricted cash (Note 3)	178,721	81,066
Accounts receivable (Note 4)	100,262	163,639
Inventory	13,088	14,530
Prepaid expenses	916	3,178
	<b>542,366</b>	703,632
EQUIPMENT (Note 5)	13,797	17,599
INTANGIBLE ASSETS (Net of accumulated amortization)	965	1,062
LONG TERM INVESTMENTS (Note 6)	297,603	216,230
	<b>\$ 854,731</b>	<b>\$ 938,523</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 75,918	\$ 91,965
Deferred member fees	162,671	89,919
Deferred contributions (Note 7)	149,017	176,375
	<b>387,606</b>	358,259
<b>NET ASSETS</b>		
Unrestricted	453,328	562,665
Invested in equipment	13,797	17,599
	<b>467,125</b>	580,264
	<b>\$ 854,731</b>	<b>\$ 938,523</b>

LEASE COMMITMENTS (Note 9)

**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, 2019**

	2019	2018
<b>REVENUES</b>		
Member fees	\$ 641,165	\$ 678,535
AGLC gaming proceeds - bingo (Note 7)	330,173	380,205
Travel	166,108	185,467
Hosted meets and camps	115,731	120,774
Swim Alberta (Note 7)	68,785	49,822
Fundraising	35,205	35,781
Equipment and apparel	19,460	9,039
City of Edmonton CIOG grant (Note 7)	16,500	16,500
Interest	9,970	7,325
AGLC gaming proceeds - raffle	7,129	-
AGLC gaming proceeds - casino (Note 7)	45	2,041
	<u>1,410,271</u>	<u>1,485,489</u>
<b>EXPENDITURES</b>		
Salaries and coaching fees	661,311	536,483
Pool rental	355,653	349,224
Travel	173,751	193,664
Administrative Expenditures (Schedule 1)	93,896	75,178
Membership Services Expenditures (Schedule 2)	87,553	80,482
Swim Alberta registration fees	45,010	49,182
Travel subsidies	33,277	36,936
Hosted meets	26,016	95,425
Bingo and casino	19,187	14,251
Coaching	10,999	17,738
Fundraising	9,184	2,828
Recruitment, relocation and development	7,573	14,208
	<u>1,523,410</u>	<u>1,465,599</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (113,139)</b>	<b>\$ 19,890</b>

See notes to financial statements

**EDMONTON KEYANO SWIM CLUB**  
**Statement of Changes in Net Assets**  
**Year Ended August 31, 2019**

	Unrestricted	Invested in Equipment	<b>2019</b>	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 562,665	\$ 17,599	<b>\$ 580,264</b>	\$ 560,374
Deficiency of revenues over expenditures	(109,337)	(3,802)	<b>(113,139)</b>	19,890
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 453,328</b>	<b>\$ 13,797</b>	<b>\$ 467,125</b>	<b>\$ 580,264</b>

**EDMONTON KEYANO SWIM CLUB****Statement of Cash Flows****Year Ended August 31, 2019**

	<b>2019</b>	2018
<b>OPERATING ACTIVITIES</b>		
excess (deficiency) of revenues over expenditures	\$ (113,139)	\$ 19,890
Items not affecting cash:		
Amortization	3,801	5,186
Amortization of intangible assets	97	97
	<u>(109,241)</u>	<u>25,173</u>
Changes in non-cash working capital:		
Accounts receivable	63,377	(61,293)
Inventory	1,442	318
Accounts payable	(16,046)	44,389
Prepaid expenses	2,262	(1,776)
Deferred member fees	72,752	(16,990)
Deferred contributions	(27,358)	45,479
	<u>96,429</u>	<u>10,127</u>
Cash flow from (used by) operating activities	<u>(12,812)</u>	<u>35,300</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	-	(7,835)
Purchase/disposal of long term investments, net	(81,373)	(216,230)
Cash flow used by investing activities	<u>(81,373)</u>	<u>(224,065)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(94,185)</b>	<b>(188,765)</b>
Cash - beginning of year	<u>522,285</u>	<u>711,050</u>
<b>CASH - END OF YEAR</b>	<b>\$ 428,100</b>	<b>\$ 522,285</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 249,379	\$ 441,219
Restricted cash	<u>178,721</u>	<u>81,066</u>
	<b>\$ 428,100</b>	<b>\$ 522,285</b>

See notes to financial statements



# EDMONTON KEYANO SWIM CLUB

## Notes to Financial Statements

Year Ended August 31, 2019

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### 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 guaranteed investment certificates 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.

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# EDMONTON KEYANO SWIM CLUB

## Notes to Financial Statements

Year Ended August 31, 2019

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### 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.

**EDMONTON KEYANO SWIM CLUB****Notes to Financial Statements****Year Ended August 31, 2019****4. ACCOUNTS RECEIVABLE**

	<u>2019</u>	<u>2018</u>
Trade	\$ 57,748	\$ 54,432
AGLC gaming proceeds - bingo	26,014	29,286
AGLC gaming proceeds - casino	-	80,179
City of Edmonton CIOG grant	<b>16,500</b>	-
	<b>100,262</b>	163,897
Allowance for doubtful accounts	-	(258)
	<b>\$ 100,262</b>	<b>\$ 163,639</b>

During the year, the Club recorded impairments of \$3,538. This amount, net of recoveries of \$nil for previously recognized impairments is included in bad debts expense. During the year, the Club derecognized \$3,796 of accounts receivable previously provided for in the allowance for doubtful accounts.

**5. EQUIPMENT**

	Cost	Accumulated amortization	<b>2019 Net book value</b>	2018 Net book value
Computer equipment	\$ 17,546	\$ 11,201	\$ 6,345	\$ 7,932
Equipment	46,953	42,482	4,471	5,589
Furniture and fixtures	37,888	34,907	2,981	3,726
Leasehold improvements	11,911	11,911	-	352
	<b>\$ 114,298</b>	<b>\$ 100,501</b>	<b>\$ 13,797</b>	<b>\$ 17,599</b>

**6. LONG TERM INVESTMENTS**

Long term investments are comprised of guaranteed investment certificates with an original maturity at date of purchase greater than 90 days, bearing interest at rates from 0.50% to 2.71% per annum, maturing from March 2020 to March 2021, carried at fair value.

**7. DEFERRED CONTRIBUTIONS**

	Balance, beginning of year	Received during year	Recognized to revenue	Balance, end of year
AGLC gaming proceeds - bingo	\$ 95,941	\$ 302,860	\$ (330,173)	\$ 68,628
AGLC gaming proceeds - casino	80,434	-	(45)	80,389
Swim Alberta	-	68,785	(68,785)	-
City of Edmonton CIOG grant	-	16,500	(16,500)	-
	<b>\$ 176,375</b>	<b>\$ 388,145</b>	<b>\$ (415,503)</b>	<b>\$ 149,017</b>

# EDMONTON KEYANO SWIM CLUB

## Notes to Financial Statements

Year Ended August 31, 2019

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### 8. RELATED PARTY TRANSACTIONS

The Club received \$87,839 (2018 - \$61,957) from members of the Executive Board for membership fees, hosted meet events and camps and purchase of equipment and apparel. The amounts were charged under the same rates and terms available to the Club's members.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 9. LEASE COMMITMENTS

The Club has a long term lease with respect to its premises that expires on August 31, 2020. The Club is also committed to a photocopier lease. Future minimum lease payments as at August 31, 2019, are as follows:

	Premises	Photocopier	Total
2020	\$ 8,712	\$ 3,566	\$ 12,278
2021	-	3,566	3,566
2022	-	3,566	3,566
2023	-	891	891
	<u>\$ 8,712</u>	<u>\$ 11,589</u>	<u>\$ 20,301</u>

### 10. COMPARATIVE FIGURES

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

### 11. 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, 2019.

#### **(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, long term investments and accounts receivable. The Club's cash and cash equivalents and long term investments 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, funders and other related sources and accounts payable.

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# EDMONTON KEYANO SWIM CLUB

## Notes to Financial Statements

Year Ended August 31, 2019

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### 11. FINANCIAL INSTRUMENTS *(continued)*

#### *(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 long term investments. 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.

### 12. SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared a public health emergency of international concern with respect to the coronavirus disease 2019 (COVID-19). In response to the emergency, Canada's federal and provincial governments have implemented certain measures to limit the spread of COVID-19. One such measure includes restrictions on certain businesses and workplaces which are considered non-essential services. Indoor fitness centres including pools and arenas have been classified as non-essential or restricted services. The Government of Alberta as part of its Stage 2 relaunch strategy, effective June 12, 2020, is allowing indoor fitness centres including pools and arenas to reopen and resume operations with two metre physical distancing requirements and other public health measures in place. Management is unable to assess the extent to which the Club's operations will be impacted by COVID-19.

**EDMONTON KEYANO SWIM CLUB****Administrative Expenditures****(Schedule 1)****Year Ended August 31, 2019**

	2019	2018
<b>EXPENDITURES</b>		
Credit card and bank charges	\$ 48,753	\$ 34,425
Administration	14,331	7,845
Professional fees	10,625	11,532
Rental	8,712	8,712
Postage, stationery and supplies	6,660	6,514
Amortization	3,801	5,186
Insurance	917	867
Amortization of intangible assets	97	97
	<u>\$ 93,896</u>	<u>\$ 75,178</u>

**Membership Services Expenditures****(Schedule 2)****Year Ended August 31, 2019**

	2019	2018
<b>EXPENDITURES</b>		
Equipment and apparel	\$ 27,337	\$ 15,793
Membership activities	21,865	31,405
High performance development	19,788	17,683
Awards night and scholarships	9,527	12,706
Advertising and promotion	5,291	727
Bad debts (recovery) (Note 4)	3,538	(463)
Board	207	2,631
	<u>\$ 87,553</u>	<u>\$ 80,482</u>