

EDMONTON KEYANO SWIM CLUB
Financial Statements
Year Ended August 31, 2020

EDMONTON KEYANO SWIM CLUB

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Year Ended August 31, 2020

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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, 2020, 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, 2020, 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, 2020, current assets and net assets as at August 31, 2020. Our audit opinion on the financial statements for the year ended August 31, 2019 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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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
April 5, 2021


VKO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

EDMONTON KEYANO SWIM CLUB**Statement of Financial Position****August 31, 2020**

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 85,764	\$ 249,379
Restricted cash (Note 3)	258,295	178,721
Accounts receivable (Note 4)	150,898	100,262
Inventory	8,292	13,088
Prepaid expenses	200	916
	503,449	542,366
EQUIPMENT (Note 5)	17,152	13,797
INTANGIBLE ASSETS (Net of accumulated amortization)	868	965
LONG TERM INVESTMENTS (Note 6)	399,769	297,603
	\$ 921,238	\$ 854,731
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 197,304	\$ 71,619
Deferred income	148,654	166,971
Deferred contributions (Note 7)	98,129	149,017
	444,087	387,607
NET ASSETS		
Unrestricted	460,000	453,327
Invested in equipment	17,151	13,797
	477,151	467,124
	\$ 921,238	\$ 854,731

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, 2020

	2020	2019
REVENUES		
Member fees	\$ 565,889	\$ 641,165
AGLC gaming proceeds - bingo (Note 7)	250,679	330,173
Hosted meets and camps	84,258	115,731
Travel	74,778	166,108
Swim Alberta	33,545	68,785
Equipment and apparel	19,016	19,460
Fundraising	17,244	35,205
City of Edmonton CIOG grant (Note 7)	16,500	16,500
Swimming Canada (Note 7)	10,000	-
Interest	5,540	9,970
AGLC gaming proceeds - casino (Note 7)	1,083	45
AGLC gaming proceeds - raffle (Note 7)	-	7,129
	<u>1,078,532</u>	<u>1,410,271</u>
EXPENDITURES		
Salaries and wages	550,710	600,800
Pool rental	253,482	355,653
Travel	79,265	173,751
Administrative Expenditures (Schedule 1)	63,155	93,896
Membership Services Expenditures (Schedule 2)	59,603	87,553
Contractors	49,037	60,511
Swim Alberta registration fees	47,405	45,010
Travel subsidies	26,234	33,277
Coaching	14,340	10,999
Hosted meets	11,942	26,016
Fundraising	10,308	9,184
Bingo and casino	4,792	19,187
Recruitment, relocation and development	-	7,573
	<u>1,170,273</u>	<u>1,523,410</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(91,741)</u>	<u>(113,139)</u>
OTHER INCOME		
Canada Emergency Wage Subsidy (CEWS)	96,768	-
Alberta Small and Medium Enterprise Relaunch Grant	5,000	-
	<u>101,768</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 10,027</u>	<u>\$ (113,139)</u>

See notes to financial statements

EDMONTON KEYANO SWIM CLUB
Statement of Changes in Net Assets
Year Ended August 31, 2020

	Unrestricted	Invested in equipment	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 453,327	\$ 13,797	\$ 467,124	\$ 580,263
Interfund transfer	(6,793)	6,793	-	-
Excess of revenues over expenditures	13,466	(3,439)	10,027	(113,139)
NET ASSETS - END OF YEAR	\$ 460,000	\$ 17,151	\$ 477,151	\$ 467,124

EDMONTON KEYANO SWIM CLUB**Statement of Cash Flows****Year Ended August 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 10,027	\$ (113,139)
Items not affecting cash:		
Amortization	3,439	3,801
Amortization of intangible assets	97	97
	<u>13,563</u>	<u>(109,241)</u>
Changes in non-cash working capital:		
Accounts receivable	(50,636)	63,377
Inventory	4,796	1,442
Accounts payable	125,684	(16,640)
Prepaid expenses	716	2,262
Deferred contributions	(50,888)	(27,358)
Deferred income	(18,317)	73,346
	<u>11,355</u>	<u>96,429</u>
Cash flow from (used by) operating activities	<u>24,918</u>	<u>(12,812)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(6,793)	-
Purchase/disposal of long term investments, net	(102,166)	(81,373)
Cash flow used by investing activities	<u>(108,959)</u>	<u>(81,373)</u>
DECREASE IN CASH FLOW	(84,041)	(94,185)
Cash - beginning of year	<u>428,100</u>	<u>522,285</u>
CASH - END OF YEAR	\$ 344,059	\$ 428,100
CASH CONSISTS OF:		
Cash	\$ 85,764	\$ 249,379
Restricted cash	<u>258,295</u>	<u>178,721</u>
	\$ 344,059	\$ 428,100

See notes to financial statements

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2020

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.

(continues)

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2020

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, 2020****4. ACCOUNTS RECEIVABLE**

	<u>2020</u>	<u>2019</u>
Trade	\$ 17,400	\$ 57,748
AGLC gaming proceeds - bingo	20,230	26,014
City of Edmonton CIOG grant	16,500	16,500
Canada Emergency Wage Subsidy (CEWS)	96,768	-
	<u>\$ 150,898</u>	<u>\$ 100,262</u>

During the year, the Club recorded impairments of \$568 (2019 - \$3,538). This amount, net of recoveries of \$nil (2019 - \$nil) for previously recognized impairments is included in bad debts expense. During the year, the Club derecognized \$568 (2019 - \$3,796) of accounts receivable previously provided for in the allowance for doubtful accounts.

5. EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 24,339	\$ 13,149	\$ 11,190	\$ 6,345
Equipment	46,953	43,376	3,577	4,471
Furniture and fixtures	37,888	35,503	2,385	2,981
Leasehold improvements	11,911	11,911	-	-
	<u>\$ 121,091</u>	<u>\$ 103,939</u>	<u>\$ 17,152</u>	<u>\$ 13,797</u>

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 0.75% to 2.71% per annum, maturing from March 2021 to June 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	\$ 68,628	\$ 200,658	\$ (250,679)	\$ 18,607
AGLC gaming proceeds - casino	80,389	216	(1,083)	79,522
City of Edmonton CIOG grant	-	16,500	(16,500)	-
Swimming Canada	-	10,000	(10,000)	-
	<u>\$ 149,017</u>	<u>\$ 227,374</u>	<u>\$ (278,262)</u>	<u>\$ 98,129</u>

8. RELATED PARTY TRANSACTIONS

The Club received \$36,849 (2019 - \$87,839) 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.

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2020

9. 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, 2020, are as follows:

	Premises	Photocopier	Total
2021	\$ 7,630	\$ 3,396	\$ 11,026
2022	7,630	3,396	11,026
2023	-	849	849
	<u>\$ 15,260</u>	<u>\$ 7,641</u>	<u>\$ 22,901</u>

10. 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, 2020.

(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 and other related sources 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 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.

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2020

11. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Club's operations as at the date of these financial statements.

EDMONTON KEYANO SWIM CLUB**Administrative Expenditures****(Schedule 1)****Year Ended August 31, 2020**

	2020	2019
Credit card and bank charges	\$ 24,370	\$ 48,753
Administration	12,581	14,331
Professional fees	9,423	10,625
Rental	8,737	8,712
Postage, stationery and supplies	3,792	6,660
Amortization	3,439	3,801
Insurance	716	917
Amortization of intangible assets	97	97
	\$ 63,155	\$ 93,896

See notes to financial statements

EDMONTON KEYANO SWIM CLUB
Membership Services Expenditures
Year Ended August 31, 2020

(Schedule 2)

	2020	2019
Equipment and apparel	\$ 19,913	\$ 27,337
Membership activities	16,948	21,865
Awards night and scholarships	11,114	9,527
High performance development	8,516	19,788
Board	1,494	207
Advertising and promotion	1,050	5,291
Bad debts (recovery) <i>(Note 4)</i>	568	3,538
	\$ 59,603	\$ 87,553