

EDMONTON KEYANO SWIM CLUB
Financial Statements
Year Ended August 31, 2022

EDMONTON KEYANO SWIM CLUB

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Year Ended August 31, 2022

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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, 2022, 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, 2022, 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, 2022, current assets and net assets as at August 31, 2022. Our audit opinion on the financial statements for the year ended August 31, 2021 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
October 30, 2023

VKO LLP

VKO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

EDMONTON KEYANO SWIM CLUB**Statement of Financial Position****August 31, 2022**

	2022	2021
ASSETS		
CURRENT		
Cash (Note 2)	\$ 656,535	\$ 416,010
Term deposits (Note 3)	76,306	311,697
Accounts receivable (Note 4)	167,515	175,277
	900,356	902,984
EQUIPMENT (Note 5)	10,977	13,722
INTANGIBLE ASSETS (Net of accumulated amortization)	674	771
	\$ 912,007	\$ 917,477
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 60,601	\$ 80,307
Deferred income (Note 6)	186,727	142,136
Deferred contributions (Note 7)	156,677	37,308
	404,005	259,751
LONG TERM DEBT (Note 8)	40,000	40,000
	444,005	299,751
NET ASSETS		
Unrestricted	457,025	604,004
Invested in equipment	10,977	13,722
	468,002	617,726
	\$ 912,007	\$ 917,477

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, 2022

	2022	2021
REVENUES		
Member fees	\$ 1,069,760	\$ 473,090
AGLC gaming proceeds (Note 7)	177,825	206,032
University of Alberta (Note 7)	68,578	52,482
YMCA	44,971	-
Swimming Canada (Note 7)	27,000	10,000
Swim Alberta (Note 7)	19,500	24,360
City of Edmonton CIOG (Note 7)	16,500	-
Investment income	6,245	5,732
Fundraising	1,025	100
	<u>1,431,404</u>	<u>771,796</u>
EXPENDITURES		
Salaries and wages	683,409	525,873
Pool rental	405,302	183,899
Travel	138,357	5,342
Swim Alberta registration fees	87,671	30,593
Meets	84,220	3,527
Membership activities	44,905	21,997
High performance development	36,276	13,615
Interest and bank charges	34,534	18,007
Sub-contracts	27,695	29,406
Office	16,868	14,507
Professional fees	10,556	9,240
Rental	8,679	7,344
Advertising and promotion	7,167	64
Coaching	4,159	8,468
Amortization	2,744	3,430
Insurance	1,858	1,238
Bad debts (Note 4)	180	-
Amortization of intangible assets	97	97
	<u>1,594,677</u>	<u>876,647</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(163,273)</u>	<u>(104,851)</u>
OTHER INCOME		
Canada Emergency Wage Subsidy (CEWS)	13,549	210,424
Forgivable portion of CEBA loan	-	20,000
Alberta Small and Medium Enterprise Relaunch Grant	-	15,000
	<u>13,549</u>	<u>245,424</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (149,724)</u>	<u>\$ 140,573</u>

See notes to financial statements

EDMONTON KEYANO SWIM CLUB
Statement of Changes in Net Assets
Year Ended August 31, 2022

	Unrestricted	Invested in equipment	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 604,004	\$ 13,722	\$ 617,726	\$ 477,153
Excess (deficiency) of revenues over expenditures	(146,979)	(2,745)	(149,724)	140,573
NET ASSETS - END OF YEAR	\$ 457,025	\$ 10,977	\$ 468,002	\$ 617,726

EDMONTON KEYANO SWIM CLUB**Statement of Cash Flows****Year Ended August 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (149,724)	\$ 140,573
Items not affecting cash:		
Amortization	2,744	3,430
Amortization of intangible assets	97	97
	(146,883)	144,100
Changes in non-cash working capital:		
Accounts receivable	7,762	(24,379)
Inventory	-	8,292
Accounts payable	(19,705)	(116,995)
Prepaid expenses	-	200
Deferred contributions	119,369	(60,821)
Deferred income	44,591	(6,518)
	152,017	(200,221)
Cash flow from (used by) operating activities	5,134	(56,121)
FINANCING ACTIVITY		
Proceeds from long term financing	-	40,000
INCREASE (DECREASE) IN CASH FLOW	5,134	(16,121)
Cash - beginning of year	727,707	743,828
CASH - END OF YEAR	\$ 732,841	\$ 727,707
CASH CONSISTS OF:		
Cash	\$ 656,535	\$ 416,010
Term deposits	76,306	311,697
	\$ 732,841	\$ 727,707

See notes to financial statements

EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2022

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. 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.

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.

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.

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EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2022

1. SUMMARY OF 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, 2022, \$50,043 (2021 - \$39,062) was restricted.

3. TERM DEPOSITS

Term deposits bearing interest at 0.8% per annum, maturing March 2023.

4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Trade	\$ 50,920	\$ 9,916
AGLC gaming proceeds	100,095	40,301
Canada Emergency Wage Subsidy (CEWS)	-	108,560
City of Edmonton CIOG	16,500	16,500
	<u>\$ 167,515</u>	<u>\$ 175,277</u>

During the year, the Club recorded impairments of \$180 (2021 - \$nil). This amount, net of recoveries of \$nil (2021 - \$nil) for previously recognized impairments is included in bad debts expense. During the year, the Club derecognized \$180 (2021 - \$nil) of accounts receivable previously provided for in the allowance for doubtful accounts.

EDMONTON KEYANO SWIM CLUB**Notes to Financial Statements****Year Ended August 31, 2022****5. EQUIPMENT**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 24,339	\$ 17,177	\$ 7,162	\$ 8,952
Equipment	46,953	44,664	2,289	2,862
Furniture and fixtures	37,888	36,362	1,526	1,908
Leasehold improvements	11,911	11,911	-	-
	<u>\$ 121,091</u>	<u>\$ 110,114</u>	<u>\$ 10,977</u>	<u>\$ 13,722</u>

6. DEFERRED INCOME

	2022	2021
Refundable deposits	\$ 113,089	\$ 86,425
Annual registration fees	58,475	42,700
Customer overpayments	15,163	13,011
	<u>\$ 186,727</u>	<u>\$ 142,136</u>

7. DEFERRED CONTRIBUTIONS

	Balance, beginning of year	Received during year	Recognized to revenue	Balance, end of year
AGLC gaming proceeds	\$ 27,716	\$ 295,284	\$ (177,825)	\$ 145,175
University of Alberta	9,592	70,488	(68,578)	11,502
Swimming Canada	-	27,000	(27,000)	-
Swim Alberta	-	19,500	(19,500)	-
City of Edmonton CIOG	-	16,500	(16,500)	-
	<u>\$ 37,308</u>	<u>\$ 428,772</u>	<u>\$ (309,403)</u>	<u>\$ 156,677</u>

8. LONG TERM DEBT

	2022	2021
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	\$ 40,000
Amounts payable within one year	-	-
	<u>\$ 40,000</u>	<u>\$ 40,000</u>

Principal repayment terms are approximately:

2024	<u>\$ 40,000</u>
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EDMONTON KEYANO SWIM CLUB

Notes to Financial Statements

Year Ended August 31, 2022

9. RELATED PARTY TRANSACTIONS

The Club received \$47,482 (2021 - \$17,429) from members of the Board of Directors for member fees. 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, 2024. Future minimum lease payments as at August 31, 2022, are as follows:

2023	\$	8,712
2024		<u>8,712</u>
	\$	<u>17,424</u>

11. ECONOMIC DEPENDENCE

The Club is economically dependant upon Alberta Gaming, Liquor and Cannabis (AGLC). During the year, the Club received 12% (2022 - 27%) of its funding from AGLC. Included in accounts receivable is \$100,095 (2022 - \$40,301) 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, 2022.

(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, term deposits and accounts receivable. The Club's cash 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 term deposits.

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