

**KIDSPORT CANADA**

Regina, SK

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**FINANCIAL STATEMENTS**

December 31, 2014

## INDEPENDENT AUDITOR'S REPORT

To the Directors of KidSport Canada:

We have audited the accompanying financial statements of KidSport Canada, which comprise the statement of financial position as at December 31, 2014, and the statement of operations and changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, KidSport Canada derives part of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of KidSport Canada. Consequently, we were unable to determine whether, as at or for the years ending December 31, 2013 or December 31, 2014, any adjustments to donations, excess of revenues over expenditures, assets and fund balances were necessary.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of KidSport Canada as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

  
CHARTERED ACCOUNTANTS

May 22, 2015  
Vancouver, B.C.

# KIDSPORT CANADA

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2014

	General Fund \$	Provincial Chapter Fund \$	Specific Projects Fund \$	Capital Asset Fund \$	2014 \$	2013 \$
<b>Revenues</b>						
Donations	80,751	1,777,251	137,012	-	1,995,014	2,035,837
Corporate support	26,981	-	712,086	-	739,067	671,199
Government and corporate grants	514,496	121,488	-	-	635,984	278,125
Interest and other	6,669	7,405	-	-	14,074	78,307
Licensing fees	11,000	-	-	-	11,000	11,000
	<u>639,897</u>	<u>1,906,144</u>	<u>849,098</u>	<u>-</u>	<u>3,395,139</u>	<u>3,074,468</u>
<b>Expenditures</b>						
Administration	44,158	24,382	2,300	42,426	113,266	68,573
Human resources and contract services	118,179	3,801	-	-	121,980	145,939
Marketing and promotion	248,902	-	68,679	-	317,581	147,967
Official languages	3,201	-	726	6,644	10,571	9,628
Program grants	-	1,890,373	923,146	-	2,813,519	2,619,501
Website and fundraising development	20,191	-	9,892	-	30,083	86,877
	<u>434,631</u>	<u>1,918,556</u>	<u>1,004,743</u>	<u>49,070</u>	<u>3,407,000</u>	<u>3,078,485</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>205,266</b>	<b>(12,412)</b>	<b>(155,645)</b>	<b>(49,070)</b>	<b>(11,861)</b>	<b>(4,017)</b>
Net assets, beginning	292,188	824,824	353,900	25,418	1,496,330	1,500,347
Interfund transfers (Note 3)	(184,594)	162,258	(1,564)	23,900	-	-
<b>Net assets, ending</b>	<b>312,860</b>	<b>974,670</b>	<b>196,691</b>	<b>248</b>	<b>1,484,469</b>	<b>1,496,330</b>

The accompanying notes are an integral part of these financial statements.

# KIDSPORT CANADA

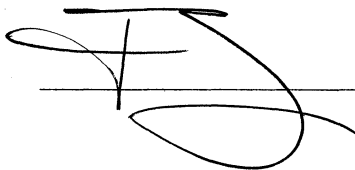
## STATEMENT OF FINANCIAL POSITION

December 31, 2014

	2014 \$ (Schedule 1)	2013 \$
<b>Assets</b>		
Current		
Cash	1,953,283	1,686,479
Receivables	59,352	127,678
GST/HST receivable	10,060	11,580
Prepaid expenses	1,080	2,648
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	2,023,775	1,828,385
Tangible capital assets, Schedule 2	248	25,418
	<hr/>	<hr/>
	2,024,023	1,853,803
<b>Liabilities</b>		
Current		
Accounts payables and accrued liabilities	480,634	248,259
Deferred revenue	58,920	109,214
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	539,554	357,473
<b>Fund Balances</b>		
Invested in tangible capital assets	248	25,418
Internally restricted	974,670	824,824
Externally restricted (Note 2)	196,691	353,900
Unrestricted	312,860	292,188
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	1,484,469	1,496,330
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	2,024,023	1,853,803

*Commitments (Note 5)*

Approved by Directors:



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*The accompanying notes are an integral part of these financial statements.*

# KIDSPORT CANADA

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	2014	2013
	\$	\$
<b>Cash flows related to operating activities</b>		
Deficiency of revenues over expenditures	(11,861)	(4,017)
Adjustments for items not affecting cash:		
Amortization	49,070	2,174
	37,209	(1,843)
Changes in non-cash working capital:		
Receivables	68,326	(21,209)
GST/HST receivable	1,520	(7,391)
Prepaid expenses	1,568	(889)
Accounts payables and accrued liabilities	232,375	(290,242)
Deferred revenue	(50,294)	5,460
	290,704	(316,114)
<b>Cash flows related to investing activities</b>		
Purchase of tangible capital assets	(23,900)	(24,609)
<b>Cash flows related to financing activities</b>		
Repayments to Sport BC	-	(64,839)
<b>Net increase (decrease) in cash</b>	<b>266,804</b>	<b>(405,562)</b>
Cash, beginning	1,686,479	2,092,041
<b>Cash, ending</b>	<b>1,953,283</b>	<b>1,686,479</b>

*The accompanying notes are an integral part of these financial statements.*

# KIDSPORT CANADA

## NOTES

For the year ended December 31, 2014

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KidSport Canada (the "association") was incorporated in 2005 under the laws of Canada as a not-for-profit organization. Its principal activity is to raise financial resources to enable underprivileged children an opportunity to participate in organized sport.

Under the provisions of the *Income Tax Act*, the association is exempt from Canadian federal and provincial income taxes. In 2007, the association qualified as a Registered Canadian Amateur Athletic Association ("RCAAA") within the meaning of section 248(1) of the *Income Tax Act*, giving the association the authority to issue charitable donation tax receipts.

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### Note 1 Significant Accounting Policies

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These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### Fund Accounting

The association follows the restricted fund method of accounting for contributions. Under this method, each fund retains the donations received and makes expenditures in accordance with either the stated purpose of the designated fund or as specified by the donor, as the case may be.

The association has the following funds:

The General fund reports the assets, liabilities, revenues and expenditures related to the association's operating activities. Funding from all sources, including donations, grants, fee revenues and corporate support, that is not specifically designated by donors is included in this fund.

The Provincial Chapter fund reports the assets, liabilities, revenues and expenditures related to restricted contributions received for the association's provincial chapters across Canada.

The Specific Projects fund reports the assets, liabilities, revenues and expenditures related to funding received from third parties designated to be spent on specific projects. Specific projects include social development programs, food bank projects and the Wendy Ladner-Beaudry Memoriam.

The Capital Asset fund reports the assets, liabilities, revenues and expenditures related to the association's capital asset acquisitions, disposals and amortization.

#### Tangible Capital Assets

Tangible capital assets are carried at cost less accumulated amortization. Amortization is calculated annually as follows:

Computer equipment	- 3 years	straight-line
Computer software	- 100%	declining balance

except in the year of acquisition for computer equipment, at which time amortization is provided for at one-half the annual rate.

# KIDSPORT CANADA

## NOTES

For the year ended December 31, 2014

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### Note 1 Significant Accounting Policies (continued)

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#### Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year in which such contributions are received.

Unrestricted contributions are recognized as revenue of the General fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Pledges

Pledges are recorded when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

#### Contributed Services and Materials

A number of volunteers contribute a significant amount of their time and services to the association each year. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements. The association records the fair value of contributed materials at the time of receipt, where such fair value is determinable and the materials would otherwise have been purchased.

#### Allocation of Expenditures

Management allocates administrative expenses between the general fund and specific projects fund based on the percentage of time the association's staff commit to the specific projects.

#### Financial Instruments

##### *Measurement of financial instruments*

The association measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in excess (deficiency) of revenues over expenditures when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

The association subsequently measures all of its financial assets and financial liabilities at amortized cost except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures.

##### *Impairment*

Financial assets measured at amortized cost are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in excess (deficiency) of revenues over expenditures. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenditures.



# KIDSPORT CANADA

## NOTES

For the year ended December 31, 2014

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### Note 1 Significant Accounting Policies (continued)

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#### Use of Estimates

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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### Note 2 Externally Restricted Funds

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	2014	2013
	\$	\$
Hyundai Hockey Helpers	163,111	320,500
Wendy Ladner-Beaudry Memoriam	33,580	33,400
	<u>196,691</u>	<u>353,900</u>

Hyundai Hockey Helpers funds are restricted to provide grants for children to play organized hockey.

The Wendy Ladner-Beaudry Memoriam funds are restricted to provide funding support for research, community engagement and early physical literacy in sport.

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### Note 3 Interfund Transfers

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During the year, the association transferred funds from the General fund to the Provincial Chapter fund for use in Provincial Chapter programs. These payments were recorded as an interfund transfer in the amount of \$162,258.

An interfund transfer was also recorded between the General fund and the Capital Asset fund related to the costs incurred to purchase on-line grant applications. These payments were recorded as an interfund transfer in the amount of \$23,900.

In addition, an interfund transfer was recorded to transfer funds paid through the Specific Projects fund for administrative costs incurred in the General fund in the amount of \$1,564.

# KIDSPORT CANADA

## NOTES

For the year ended December 31, 2014

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### Note 4 Financial Instruments

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Items that meet the definition of a financial instrument include cash, receivables and accounts payable and accrued liabilities.

It is management's opinion that the association is not exposed to significant liquidity risk, credit risk, currency risk, interest rate risk or other price risk arising from these financial instruments.

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### Note 5 Commitments

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The association is committed to minimum lease payments for office space over the term of an operating lease expiring in 2016 as follows:

	\$
2015	3,375
2016	844
2017	-
2018	-
2019	-
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	4,219
	<hr/>

The association has entered into an agreement with TwentyTen Group for marketing and sponsorship services. Under the terms of the agreement, the association has committed to a monthly fee of \$15,000 per month until November 2015; \$10,000 per month from December 2015 until November 2016; and \$7,500 per month from December 2016 until May 2017.

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### Note 6 Comparative Figures

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Certain 2013 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2014.

## STATEMENT OF FINANCIAL POSITION BY FUND

For the year ended December 31, 2014

	General Fund \$	Provincial Chapter Fund \$	Specific Projects Fund \$	Capital Asset Fund \$	2014 Total \$
<b>Assets</b>					
Current					
Cash	429,158	1,327,434	196,691	-	1,953,283
Receivables	17,970	41,382	-	-	59,352
GST/HST receivable	10,060	-	-	-	10,060
Prepaid expenses	1,080	-	-	-	1,080
	458,268	1,368,816	196,691	-	2,023,775
Tangible capital assets, Schedule 2	-	-	-	248	248
	458,268	1,368,816	196,691	248	2,024,023
<b>Liabilities</b>					
Current					
Accounts payable and accrued liabilities	87,077	393,557	-	-	480,634
Deferred revenue	58,331	589	-	-	58,920
	145,408	394,146	-	-	539,554
<b>Fund Balances</b>					
Invested in tangible capital assets	-	-	-	248	248
Internally restricted	-	974,670	-	-	974,670
Externally restricted	-	-	196,691	-	196,691
Unrestricted	312,860	-	-	-	312,860
	312,860	974,670	196,691	248	1,484,469
	458,268	1,368,816	196,691	248	2,024,023

The accompanying notes are an integral part of these financial statements.

**KIDSPORT CANADA**

Schedule 2

## TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2014

	Cost \$	Accumulated Amortization \$	Net Carrying Value \$	Current Amortization \$
<b>Computer Equipment</b>				
Balance, December 31, 2013	7,932	7,123	809	
Amortization	-	561	(561)	561
Balance, December 31, 2014	7,932	7,684	248	
<b>Website Costs</b>				
Balance, December 31, 2013	11,865	11,865	-	
Disposals	(11,865)	(11,865)	-	
Balance, December 31, 2014	-	-	-	
<b>Computer Software</b>				
Balance, December 31, 2013	24,609	-	24,609	
Additions	23,900	-	23,900	
Amortization	48,509	-	48,509	
	-	48,509	(48,509)	48,509
Balance, December 31, 2014	48,509	48,509	-	
<b>Totals</b>	<b>56,441</b>	<b>56,193</b>	<b>248</b>	<b>49,070</b>

*The accompanying notes are an integral part of these financial statements.*