



Grant Thornton

Financial Statements

KidSport Canada

December 31, 2016

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations and Changes in Fund Balances	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9
Schedules to the Financial Statements	10 - 11

Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949
www.GrantThornton.ca

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, 2016, and the statements of operations and changes in fund balances, and 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 judgement, 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 non-profit organizations, KidSport Canada derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of KidSport Canada and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2016 and December 31, 2015, assets as at December 31, 2016 and December 31, 2015 and fund balances as at January 1, 2016 and 2015 and December 31, 2016 and 2015.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* paragraph, these financial statements present fairly, in all material respects, the financial position of KidSport Canada as at December 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The financial statements of KidSport Canada were audited by another auditor who expressed a qualified opinion on these statements on June 15, 2016. The qualification in the audit opinion related to the completeness of donations not being susceptible to satisfactory audit verification.



Toronto, Canada
May 11, 2017

Chartered Professional Accountants
Licensed Public Accountants

KidSport Canada

Statement of Operations and Changes in Fund Balances

Year ended December 31

	General fund	(Schedule 2) Provincial Chapter fund	Specific Projects fund	Capital Asset fund	Total 2016	Total 2015
Revenue						
Donations	\$ 71,768	\$ 2,243,199	\$ 101,013	\$ -	\$ 2,415,980	\$ 1,886,080
Corporate support	281,149	130,013	253,397	-	664,559	479,073
Government and corporate grants	225,388	264,727	-	-	490,115	1,071,488
Interest and other	4,038	12,539	-	-	16,577	11,270
Licensing fees	11,000	-	-	-	11,000	11,000
	<u>593,343</u>	<u>2,650,478</u>	<u>354,410</u>	<u>-</u>	<u>3,598,231</u>	<u>3,458,911</u>
Expenditures						
Administration and governance	43,068	92,243	-	-	135,311	79,827
Human resources and contract services	125,552	95,119	-	-	220,671	216,586
Marketing and promotion	117,430	95,325	-	-	212,755	365,499
Official languages	5,691	-	-	-	5,691	9,932
Program grants	229,155	2,139,421	320,413	-	2,688,989	2,366,917
Website, database and fundraising development	14,314	-	-	-	14,314	12,344
	<u>535,210</u>	<u>2,422,108</u>	<u>320,413</u>	<u>-</u>	<u>3,277,731</u>	<u>3,051,105</u>
Excess of revenue over expenditures	58,133	228,370	33,997	-	320,500	407,806
Fund balances, beginning of year	456,177	1,402,338	33,760	-	1,892,275	1,484,469
Interfund transfers	33,817	-	(33,817)	-	-	-
Fund balances, end of year	<u>\$ 548,127</u>	<u>\$ 1,630,708</u>	<u>\$ 33,940</u>	<u>\$ -</u>	<u>\$ 2,212,775</u>	<u>\$ 1,892,275</u>

See accompanying notes to the financial statements.

KidSport Canada
Statement of Financial Position

December 31

2016

2015

Assets

Current

Cash	\$ 1,934,598	\$ 2,106,111
Accounts receivable	99,979	178,885
GST/HST receivable	7,590	10,780
Prepaid expenses	54,512	6,442
Short-term investments (Note 3)	<u>400,000</u>	<u>-</u>
	2,496,679	2,302,218

Capital assets (Note 4)

	<u>-</u>	<u>-</u>
	\$ 2,496,679	\$ 2,302,218

Liabilities


Current

Accounts payable and accrued liabilities	\$ 260,904	\$ 405,065
Deferred revenue	<u>23,000</u>	<u>4,878</u>
	283,904	409,943

Fund balances

Unrestricted – General fund	548,127	456,177
Internally restricted – Provincial Chapter fund	1,630,708	1,402,338
Externally restricted – Specific Projects fund (Note 5)	33,940	33,760
Capital asset fund	<u>-</u>	<u>-</u>
	2,212,775	1,892,275
	\$ 2,496,679	\$ 2,302,218

On behalf of the Board of Directors


 _____ Director


 _____ Director

KidSport Canada

Statement of Cash Flows

Year ended December 31

2016

2015

Increase (decrease) in cash

Operating

Excess of revenue over expenditures	\$ 320,500	\$ 407,806
Item not affecting cash		
Amortization	<u>-</u>	<u>7,741</u>
	320,500	415,547

Change in non-cash working capital items

Accounts receivable	78,906	(119,533)
GST/HST receivable	3,190	(720)
Prepaid expenses	(48,070)	(5,362)
Accounts payables and accrued liabilities	(144,161)	(75,569)
Deferred revenue	<u>18,122</u>	<u>(54,042)</u>
	<u>228,487</u>	<u>160,321</u>

Investing

Purchase of capital assets	-	(7,493)
Purchase of investments	<u>(400,000)</u>	<u>-</u>
	<u>(400,000)</u>	<u>(7,493)</u>

(Decrease) increase in cash (171,513) 152,828

Cash

Beginning of year	<u>2,106,111</u>	<u>1,953,283</u>
End of year	<u>\$ 1,934,598</u>	<u>\$ 2,106,111</u>

KidSport Canada

Notes to the Financial Statements

December 31, 2016

1. Basis of presentation

KidSport Canada (KSC) is a Registered Canadian Amateur Athletic Association (RCAAA) under the Income Tax Act, and as such, has the authorization to issue tax deductible donation receipts and is not subject to income tax. KSC is incorporated under the Canada Corporations Act and has continued under the Canada Not-for-Profit Corporations Act.

KSC's mission is to raise financial resources to enable underprivileged children an opportunity to participate in organized sport.

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO requires entities to select policies appropriate for the circumstances from policies provided in these standards. The significant accounting policies selected by KSC and applied in these financial statements are outlined below.

Fund accounting

KSC maintains its accounts in accordance with the principles of fund accounting and follows the restricted fund method of accounting for revenue. Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

KSC has the following funds:

The General fund reports the assets, liabilities, revenue and expenditures related to KSC'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, revenue and expenditures related to restricted revenue received for KSC's provincial chapters across Canada.

The Specific Projects fund reports the assets, liabilities, revenue 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, revenue and expenditures related to the association's capital asset acquisitions, disposals and amortization.

Capital assets

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

In the year of acquisition, computer equipment is provided for at one-half the annual rate.

KidSport Canada

Notes to Financial Statements

December 31, 2016

2. Summary of significant accounting policies (continued)

Revenue recognition

Unrestricted Donations, corporate support and government and corporate grants are recorded as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted revenue 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 revenue are recognized as revenue of the appropriate restricted fund in the year in which such revenue is received.

Gift in kind donations are valued at their fair market value when received.

Contributed services and materials

A number of volunteers contribute a significant amount of their time and services to KSC 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.

Interfund transfer

The interfund transfer relates to management's allocation of administrative expenses from the General fund to the Specific Projects fund based on the percentage of time KSC's staff commit to the specific projects.

Financial instruments

KSC's financial instruments consist of cash, short-term investments, accounts receivable, GST/HST receivable and accounts payable.

KSC initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. KSC subsequently measures all of its financial assets and liabilities at amortized cost, except for cash, which is measured at fair value.

Financial assets or liabilities obtained in related party transactions are measured at carrying value, which is the amount agreed upon by the related parties, except for those transactions that are with a person or entity whose sole relationship with KSC is in the capacity of management in which case they are accounted for at fair value and subsequently measured at amortized cost.

KidSport Canada

Notes to Financial Statements

December 31, 2016

2. Summary of significant accounting policies (continued)

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the year they become known.

3. Short-term investments

Short-term investments relate to Guaranteed investment certificates that earn interest at a rate from 0.9% to 1.0% and mature from April to October 2017.

4. Capital assets

	Cost	Accumulated Depreciation	<u>2016</u> Net Book Value	<u>2015</u> Net Book Value
Computer equipment	\$ 7,932	\$ 7,932	\$ -	\$ -
Computer software	<u>56,002</u>	<u>56,002</u>	<u>-</u>	<u>-</u>
	<u>\$ 63,934</u>	<u>\$ 63,934</u>	<u>\$ -</u>	<u>\$ -</u>

5. Externally restricted funds

	<u>2016</u>	<u>2015</u>
Wendy Ladner-Beaudry Memoriam	<u>\$ 33,940</u>	<u>\$ 33,760</u>

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

KidSport Canada

Notes to Financial Statements

December 31, 2016

6. Financial instruments

Transactions in financial instruments may result in KSC assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. There were no changes in the nature of financial instrument risk compared to prior year.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with KSC. KSC's main credit risks relate to its accounts receivable and GST/HST receivable.

KSC reduces its exposure to credit risk by monitoring credit risk, adopting policies and procedures to ensure credit is only provided to credit worthy individuals and creating an allowance for doubtful accounts when appropriate. As at December 31, 2016, the allowance for doubtful accounts is \$Nil (2015 - \$Nil). As a result, it is management's opinion that KSC is not exposed to significant credit risk arising from its financial instruments.

Liquidity risk

Liquidity risk is the risk that KSC will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. KSC is exposed to liquidity risk mainly in respect to its accounts payable.

KSC manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations. As a result, it is management's opinion that KSC is not exposed to significant liquidity risk arising from its financial instruments.

Interest rate risk

Interest rate price risk is the risk that the fair value of an interest bearing financial instrument will fluctuate due to changes in market interest rates. Interest rate cash flow risk is the risk that the cash flows of KSC will fluctuate due to changes in market interest rates.

KSC's exposure to interest rate price risk is limited to its fixed interest short-term investments and debt. KSC's interest rate cash flow risk is limited to its variable interest bearing investments and debt. It is management's opinion that KSC is not exposed to significant interest rate risks arising from its financial instruments.

KidSport Canada

Schedules to the Financial Statements

December 31, 2016

Statement of financial position by fund

Schedule 1

	General Fund	Provincial Chapter Fund	Specific Projects Fund	Capital Fund	Total 2016
Assets					
Current					
Cash	\$ 242,649	\$ 1,658,009	\$ 33,940	\$ -	\$ 1,934,598
Accounts receivable	5,979	94,000	-	-	99,979
GST/HST receivable	3,128	4,462	-	-	7,590
Prepaid expenses	1,080	53,432	-	-	54,512
Short-term investments	400,000	-	-	-	400,000
	652,836	1,809,903	33,940	-	2,496,679
Capital assets	-	-	-	-	-
	<u>\$ 652,836</u>	<u>\$ 1,809,903</u>	<u>\$ 33,940</u>	<u>\$ -</u>	<u>\$ 2,496,679</u>
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 96,709	\$ 164,195	\$ -	\$ -	\$ 260,904
Deferred revenue	8,000	15,000	-	-	23,000
	104,709	179,195	-	-	283,904
Fund balances					
Internally restricted	-	1,630,708	-	-	1,630,708
Externally restricted	-	-	33,940	-	33,940
Unrestricted	548,127	-	-	-	548,127
	548,127	1,630,708	33,940	-	2,212,775
	<u>\$ 652,836</u>	<u>\$ 1,809,903</u>	<u>\$ 33,940</u>	<u>\$ -</u>	<u>\$ 2,496,679</u>

KidSport Canada Schedules to the Financial Statements

December 31, 2016

Schedule of Provincial Chapter fund by province

Schedule 2

	British Columbia	Alberta	Manitoba	Ontario	New Brunswick	Nova Scotia	Prince Edward Island	and Labrador	Total
Revenue									
Donations	\$ 533,253	\$ 1,157,520	\$ 360,734	\$ 97,157	\$ 7,321	\$ 72,905	\$ 14,309	\$ -	\$ 2,243,199
Corporate support	-	-	-	124,247	-	-	-	5,766	130,013
Government and corporate grants	-	-	18,027	152,073	94,627	-	-	-	264,727
Interest and other	81	(307)	3,230	6,028	3,482	25	-	-	12,539
	<u>533,334</u>	<u>1,157,213</u>	<u>381,991</u>	<u>379,505</u>	<u>105,430</u>	<u>72,930</u>	<u>14,309</u>	<u>5,766</u>	<u>2,650,478</u>
Expenditures									
Administration and governance	13,876	15,245	679	59,209	294	2,725	144	71	92,243
Human resources and contract services	-	-	-	90,407	-	4,712	-	-	95,119
Marketing and promotion	-	6,900	77,416	9,734	1,275	-	-	-	95,325
Program grants	506,864	1,028,143	172,333	273,595	56,077	65,492	11,251	25,666	2,139,421
	<u>520,740</u>	<u>1,050,288</u>	<u>250,428</u>	<u>432,945</u>	<u>57,646</u>	<u>72,929</u>	<u>11,395</u>	<u>25,737</u>	<u>2,422,108</u>
Excess (deficiency) of revenue over expenditures	12,594	106,925	131,563	(53,440)	47,784	1	2,914	(19,971)	228,370
Fund balance, beginning of year	74,173	426,646	568,664	290,858	-	-	3,246	38,751	1,402,338
Fund balance, end of year	<u>\$ 86,767</u>	<u>\$ 533,571</u>	<u>\$ 700,227</u>	<u>\$ 237,418</u>	<u>\$ 47,784</u>	<u>\$ 1</u>	<u>\$ 6,160</u>	<u>\$ 18,780</u>	<u>\$ 1,630,708</u>