

Saskatchewan Horse Federation Inc.

Financial Statements

Year Ended December 31, 2020

DRAFT

Independent Auditor's Report
Balance Sheet
Statement of Revenue and Expenditures
Statement of Accumulated Surplus
Statement of Cash Flows
Notes to Financial Statements
Schedules to Financial Statements

Independent Auditor's Report

To the Members of Saskatchewan Horse Federation Inc.:

Opinion

I have audited the financial statements of Saskatchewan Horse Federation Inc. (the Entity), which comprise the statement of financial position as at December 31, 2020, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020 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 Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

INDEPENDENT AUDITORS' REPORT *(continued)*

- 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 Entity'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 Entity'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 my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

I 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 I identify during my audit.

March 5, 2021
Regina, Saskatchewan

Robert D. Szautner
Chartered Professional Accountant

Saskatchewan Horse Federation Inc.
Statement of Financial Position as at December 31

	2020	2019
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 352,174	\$ 280,130
Accounts Receivable	16,201	8,359
Goods and Services Tax Rebate Receivable	3,215	3,702
Prepaid Expenses	15,658	10,679
Inventory	1,338	2,206
	388,586	305,076
Investments (Note 3)	363,100	358,618
Capital Assets (Note 4)	8,940	11,644
Restricted cash (Note 5)	43,369	41,458
	\$ 803,995	\$ 716,796
Liabilities		
Current Liabilities		
Accounts Payable & Accrued Liabilities	\$ 8,323	\$ 9,619
Deferred Revenue (Note 5)	317,402	303,862
Deferred Pegasus Fund Revenue (Note 5)	43,369	41,458
	369,094	354,939
Accumulated Surplus		
Unappropriated Surplus	384,840	321,846
Revenue Stabilization Reserve (Note 6)	31,011	31,011
High Performance Reserve Fund (Note 6)	19,050	9,000
	434,901	361,857
	\$ 803,995	\$ 716,796

See accompanying notes to financial statements

Approved on Behalf of the Board

 Director

 Director

Saskatchewan Horse Federation Inc.
Statement of Revenue and Expenditures
For the Year Ended December 31

	2020	2019
Revenue		
Sask Lotteries Trust Fund, Sport Division (Schedule 1)	\$ 417,600	\$ 414,300
Self-Help Internal		
Competitions/Clinics	6,809	48,590
Memberships (Schedule 2)	130,338	147,185
Team and Athlete Fees	2,251	1,960
Self-Help External		
Donations	750	750
Fundraising (net) (Schedule 3)	16,369	22,031
Grants (Schedule 4)	815	5,000
Interest Income	6,195	21,214
Other	383	307
Sales (net) (Schedule 5)	19,790	20,274
Sponsorships	850	4,850
	602,150	686,461
Expenditures		
Administration (Schedule 6)	\$ 270,204	\$ 323,299
Capacity and Interaction (Schedule 7)	92,035	91,560
Participation (Schedule 8)	41,849	76,791
Excellence (Schedule 9)	64,568	81,771
Membership Assistance Program (Note 9)	59,700	66,800
Elgin Bracken Fund Expense	750	750
	529,106	640,971
Net (Expenditures)/Revenue For The Year	\$ 73,044	\$ 45,490

See accompanying notes to financial statements

Saskatchewan Horse Federation Inc.

Statement of Accumulated Surplus
For the Year Ended December 31

	Revenue Stabilization Reserve	High Performance Reserve	Unappropriated Surplus	2020	2019
Accumulated Surplus At the Beginning of the Year	\$ 31,011	\$ 9,000	\$ 321,846	\$ 361,857	\$ 316,367
Net (Expenditures) Revenue for the Year	-	-	73,044	73,044	45,490
Transfer to (from) reserve	-	10,050	(10,050)	-	-
Accumulated Surplus At the End of the Year	\$ 31,011	\$ 19,050	\$ 384,840	\$ 434,901	\$ 361,857

See accompanying notes to financial statements

Saskatchewan Horse Federation Inc.
Statement of Cash Flows
For the Year Ended December 31

	2020	2019
Cash Provided by (Used In) Operations		
Net (Expenditure) Revenue for the Year	\$ 73,044	\$ 45,490
Items not involving cash:		
Amortization	2,703	4,189
Adjustments to reconcile Net Income to cash provided by operating activities:		
(Increase) Decrease in:		
Accounts Receivable	(7,841)	(376)
Goods and Services Tax Rebate Receivable	487	851
Prepaid Expenses	(4,979)	(6,210)
Inventory	868	(383)
Increase (Decrease) in:		
Accounts Payable	(1,296)	(21,279)
Deferred Revenue	13,540	(1,667)
Deferred Pegasus Fund Revenue	1,911	2,063
Cash provided by (used for) operations	78,437	22,678
Investing Activities		
Proceeds on disposal of investments	-	346,189
Purchase of investments	(4,482)	(358,618)
Cash provided by (used for) investing	(4,482)	(12,429)
Increase (Decrease) in cash during the year	73,955	10,249
Cash Position at the beginning of the Year	321,588	311,339
Cash Position at the end of the Year	\$ 395,543	\$ 321,588
Cash Consists of:		
Cash in Bank	\$ 352,174	\$ 280,130
Invested in Sport Legacy Fund	43,369	41,458
	\$ 395,543	\$ 321,588

See accompanying notes to financial statements

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

1. Purpose of the Association

The Saskatchewan Horse Federation Inc. (the "Federation") is incorporated under The Non-profit Corporations Act of Saskatchewan. The Saskatchewan Horse Federation Inc. is the provincial body which represents the sport, recreation and industry of horse.

2. Significant Accounting Policies

a) Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using Accounting Standards for Not for Profit Organizations, Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook.

b) Investments

Investments consist of guaranteed investment certificates, fixed income investments with maturity dates of greater than twelve months from the date of acquisition.

c) Inventory

Inventories are valued at the lower of cost and net realizable value, with cost being determined using the first in first out method.

d) Capital Assets

Capital assets are accounted for at cost and amortized using rates intended to amortize them over their useful lives. Capital assets with a cost less than \$1,500 are expensed in the year of acquisition. Capital assets are depreciated using the straight line method and the following rates:

Computer equipment	3 years
Furniture and equipment	10 years

e) Revenue Recognition

The Saskatchewan Horse Federation Inc. follows the deferral method of accounting for contributions and grants. Memberships, donations and sponsorships are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest is recorded in the period earned. Membership Assistance Program grants received by the corporation are remitted to local horse associations and clubs during the course of the year. Operating and other grants are recognized as revenue as they are earned. Grants for specific projects are recognized concurrent with project expenditures. Induction dinner revenue is recognized in the period the dinner is held. Raffle ticket revenue is recognized in the period the draw is held.

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

2. Significant Accounting Policies continued
f) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

g) Financial Instruments

The Federation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Federation subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the year in which the changes occur.

Transaction costs are recognized in income in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Investment management fees associated with the index pooled funds are expensed as incurred.

Financial assets measured at amortized cost include accounts receivable and investments in guaranteed investment certificates and fixed income investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments quoted in an active market.

At the end of each reporting period, the Federation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. If there is an indication of impairment, the Federation determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. If the Federation identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the higher of the present value of the expected cash flows or the amount that could be realized from selling the financial asset.

Any impairment of the financial asset is charged to income in the period in which the impairment is determined. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the period the reversal occurs.

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

3. Investments

Investments consist of the following:

	2020	2019
<u>Term Deposits</u>		
CIBC GIC, 2.50% maturing Mar 4, 2020	\$ -	\$ 179,300
CIBC GIC, 2.55% maturing Mar 4, 2021	179,318	179,318
CIBC GIC, 0.55% maturing Mar 5, 2021	183,782	-
	\$ 363,100	\$ 358,618

4. Capital Assets

Capital assets consist of the following:

	Capital Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Computer equipment	8,245	8,245	-	1,263
Furniture and equipment	14,410	5,470	8,940	10,381
	\$ 22,655	\$ 13,715	\$ 8,940	\$ 11,644

5. Deferred Revenue

Deferred revenue consists of the following:

	2020	2019
Annual Funding	\$ 183,050	\$ 178,950
Membership Assistance Program	57,500	59,700
Membership revenues	31,462	38,501
Government grants	9,185	5,000
Insurance revenues	12,496	-
Sponsorship	-	500
Unspent raffle proceeds	22,967	21,211
Western Horse Review	742	-
	\$ 317,402	\$ 303,862

Deferred Pegasus Fund Revenue are funds that have been donated to the Pegasus Fund by members and are currently being held by the National Sport Trust Fund. The funds earn 5% a year and must remain in the fund for at least five years in order to receive this return. When the funds are withdrawn for use they will be brought into operating income.

6. Appropriated Surplus

The Board of Directors have designated funds as a reserve against possible future decreases in revenues to be able to continue services until additional funds can be arranged. In 2020, the Board appropriated \$10,050 to the High Performance Reserve Fund.

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

7. Financial Instruments and Risk

The Federation's recognized financial instruments consist of cash, investments, accounts receivable and accounts payable.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Federation is exposed to credit risk on the accounts receivable from its members, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Federation regularly reviews outstanding accounts receivable.

Liquidity Risk

Liquidity risk is the risk that the Federation will not be able to meet its financial obligations as they come due. The Federation manages liquidity by maintaining adequate cash on hand to provide for the ongoing management and operations of the Federation. In addition, the Federation continuously monitors and reviews both actual and forecasted cash flows.

Market Risk

The market risk associated with investments is minimized substantially by ensuring that these assets are invested in guaranteed investment certificates or bonds. The rates of these investments are fixed at rates similar to market interest rates.

Interest Risk

The Corporation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed rate instruments subject the Corporation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

8. Economic Dependence

Saskatchewan Horse Federation Inc. currently receives significant revenue in grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. As a result, the organization is dependent upon the continuance of these grants to maintain operations at their current level.

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

9. MAP Grants

During the year, the Federation allocated the following Membership Assistance Program Grants (MAP) to the following associations:

Club Name	2020	2019
Aberdeen Sunset Riders	\$ 1,000	\$ 850
Battlefords Quarter Horse Club Inc.	-	1,000
Bengough Agricultural Society Inc.	975	850
Biggar Recreational Valley Inc.	1,800	1,000
Cadillac Light Horse Club	1,000	850
Canadian Ranch Roping Association	-	1,000
Canadian Thoroughbred Horse Society	1,000	1,000
Carrot River Light Horse Club	-	1,000
Classique Equestrian Club Inc.	1,000	850
Corman Park Horse Riders	2,301	1,000
Davidson Riding Club	710	-
Delisle Riding Club	1,075	850
Dusty Riders 4H Light Horse	1,000	850
Equine Elite 4H Club	1,525	850
Esterhazy Team Penners	975	850
Glenavon and District Agriculture Society	1,075	850
Grasswood Fillies Inc.	1,000	1,000
Heartland Light Horse 4H Club	-	1,000
Heartland Pony Club	1,525	1,000
HMR Sport Horse Club Inc.	-	1,000
Kelvington Ag Society	-	850
Kingskettle Pony Club	-	850
Last Mountain Riding Club	744	850
Livelong Trail Club	-	623
Living Skies Pony Club	840	850
Maple Creek Light Horse Association	-	1,000
Melfort Agricultural Society	-	1,000
Melfort Trailblazers 4H Club	-	850
Melville & District Agripark Association	1,800	1,075
Midwest Miniature Horse & Pony Club	975	850
Moose Jaw Exhibition Company	-	1,075
Moose Mountain Trail Riders	506	1,000
Nokomis Agricultural Society Inc.	1,075	850
Norsask Riders	850	850
Over the Top Vaulters	-	850
Park Valley Pony Club	-	1,000
Parkland Riding Club	1,075	850
Prairie Arabian Working Western & Sport Horse Association	-	1,075
Prairie Mentoring Centre for Therapeutic Riding	2,301	1,201

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

9. MAP Grants continued

Club Name	<u>2020</u>	<u>2019</u>
Prairie N Forest Equestrian Club	1,200	850
Regina District Dressage Association	975	1,201
Sandcastle Riding Club Inc.	-	1,201
Sask 4H Council	975	1,000
Sask Appaloosa Horse Club	-	1,075
Sask Arabian Horse Association	-	1,201
Sask Clydesdale Association	975	850
Sask Cowboy Dressage Inc.	-	1,075
Sask Cowboy Mounted Shooting Association	-	638
Sask Cutting Horse Association	1,525	1,201
Sask Draft and Driving Association	-	850
Sask Equestrian Vaulting Association	1,300	-
Sask Hunter Jumper Association	2,000	1,201
Sask Long Riders	1,200	-
Sask Morgan Horse Club	1,000	1,000
Sask Paint Horse Club	1,200	1,201
Sask Quarter Horse Association	1,000	1,201
Sask Reined Cow Horse Association	1,075	-
Sask Reining Horse Association	2,301	1,201
Sask Riding Clubs Association	1,075	1,201
Sask Team Cattle Penning Association	-	1,201
Sask Valley Riding Club	850	850
Sask Western Dressage Association	2,301	1,075
Sask Working Teamsters Association	696	1,000
Sask Outback Riding Club	1,075	850
Saskatoon Dressage Club	-	1,201
Saskatoon Riding Club	850	-
Saskatoon Team Penning Club	1,525	1,201
Shaunavon/Admiral Agriculture	-	1,000
Sunshine Vaulters	1,075	850
Swift Current Agricultural & Exhibition	975	1,075
Twin Valley Riding Club	850	1,075
Val Marie 4H Light Horse Club	1,525	1,075
Victoria Plains Horse Club	975	-
Wheels & Saddles Drive / Riding	1,075	1,000
Total MAP Grants	\$ 59,700	\$ 66,800

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2020

10. Donated Services

The work of the Federation is dependent on the voluntary services of many members. Since these services are not normally purchased by the Federation and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

11. Income Tax Status

The Federation is exempt from income tax as a non-profit organization.

12. Commitments

The Federation is committed to minimum lease payments on operating leases related to the administration of the Federation as follows:

2021	\$	1,560
2022	\$	1,560
2023	\$	390

13. Significant Event

In March 2020, there was a global outbreak of COVID-19, which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Federation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

14. Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

Saskatchewan Horse Federation Inc.
Revenue Schedules to Financial Statements
For the Year Ended December 31

2020 **2019**

Saskatchewan Lotteries Trust Fund, Sports Division
Schedule 1

Annual Funding	\$	357,900	\$	347,500
Membership Assistance Program		59,700		66,800
		\$ 417,600		\$ 414,300

Schedule of Memberships
Schedule 2

Individuals	\$	112,938	\$	120,865
Corporate		17,400		26,320
		\$ 130,338		\$ 147,185

Schedule of Fundraising (net of expenses)
Schedule 3

Equine Expo	\$	7,500	\$	7,500
Grant - SLGA		2,108		6,331
Raffle revenue		29,910		36,040
Raffle expense		(21,394)		(23,876)
Raffle proceeds deferred to next year		(1,755)		(3,964)
		\$ 16,369		\$ 22,031

Schedule of Grants
Schedule 4

Government of Saskatchewan - Ag Partnership	\$	815	\$	5,000
		\$ 815		\$ 5,000

Schedule of Sales (net of expenses)
Schedule 5

Hall of Fame Banquet	\$	1,868	\$	-
Insurance/sanctioning Revenue		30,705		31,811
Insurance/sanctioning Expense		(18,979)		(16,805)
Manual sales		5,540		4,041
Western Horse Review Revenue		1,419		2,678
Western Horse Review Expense		(763)		(1,451)
		\$ 19,790		\$ 20,274

Saskatchewan Horse Federation Inc.
Expenditures Schedules to Financial Statements
For the Year Ended December 31

	2020	2019
Administration Schedule 6		
Amortization	\$ 2,703	\$ 4,189
Audit	4,991	4,883
Bad Debts	23	-
Insurance	8,488	7,722
Legal Fees	1,570	826
Office Operations		
Bank charges	9,230	7,576
Bookkeeping	2,688	2,127
Office expenses	43,514	51,585
Salaries and Benefits	192,759	239,196
Staff Travel and Recruitment	4,238	5,195
	<u>\$ 270,204</u>	<u>\$ 323,299</u>

**Capacity and Interaction
Schedule 7**

Awards and Recognition	\$ 18,282	\$ 22,189
Communication	28,763	3,042
Conference/Symposiums	1,217	6,108
Marketing and Promotion	8,320	14,079
Meetings		
AGM	5,631	7,244
Board and Committee	17,881	21,742
National	-	4,256
Memberships	11,547	12,240
Professional and Leadership Development	394	660
	<u>\$ 92,035</u>	<u>\$ 91,560</u>

Saskatchewan Horse Federation Inc.
Expenditures Schedules to Financial Statements
For the Year Ended December 31

	2020	2019
Participation Schedule 8		
Athlete Development		
Competitions	\$ 5,000	\$ 37,213
Introductory Programs	7,766	10,664
Target Group Initiatives	-	100
Coaching Development	4,233	5,048
Officials Development	2,251	1,675
Salaries and Benefits	22,599	22,091
	\$ 41,849	\$ 76,791
	\$ 41,849	\$ 76,791

Excellence Schedule 9		
Athlete Development		
Athlete Assistance	\$ 9,950	\$ 18,650
Competition	27,447	33,966
Training	-	79
Coaching Development	2,321	3,168
Officials Development	2,251	3,817
Salaries and Benefits	22,599	22,091
	\$ 64,568	\$ 81,771
	\$ 64,568	\$ 81,771