

Saskatchewan Horse Federation Inc.

Financial Statements

Year Ended December 31, 2021

Independent Auditor's Report
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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, 2021, 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, 2021 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 1, 2022
Regina, Saskatchewan

Robert D. Szautner
Chartered Professional Accountant

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

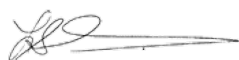
	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 492,418	\$ 352,174
Investments (Note 3)	498,875	363,100
Accounts Receivable	6,478	16,201
Goods and Services Tax Rebate Receivable	2,878	3,215
Prepaid Expenses	11,475	15,658
Inventory	3,524	1,338
	1,015,648	751,686
Capital Assets (Note 4)	7,499	8,940
Restricted Pegasus Fund (Note 6)	46,205	43,369
	\$ 1,069,352	\$ 803,995
Liabilities		
Current Liabilities		
Accounts Payable & Accrued Liabilities	\$ 16,247	\$ 8,323
Deferred Revenue (Note 5)	338,583	317,402
Deferred Pegasus Fund Revenue (Note 6)	46,205	43,369
	401,035	369,094
Accumulated Surplus		
Unappropriated Surplus	618,256	384,840
Revenue Stabilization Reserve (Note 7)	31,011	31,011
High Performance Reserve Fund (Note 7)	19,050	19,050
	668,317	434,901
	\$ 1,069,352	\$ 803,995

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

	2021	2020
Revenue		
Sask Lotteries Trust Fund, Sport Division (Schedule 1)	\$ 423,600	\$ 417,600
Self-Help Internal		
Competitions/Clinics	34,915	6,809
Memberships (Schedule 2)	161,708	130,338
Team and Athlete Fees	1,900	2,251
Self-Help External		
Donations	750	750
Fundraising (net) (Schedule 3)	12,549	16,369
Grants (Schedule 4)	3,543	815
Interest Income	2,661	6,195
Other	189	383
Sales (net) (Schedule 5)	15,775	19,790
Sponsorships	4,079	850
	661,669	602,150
Expenditures		
Administration (Schedule 6)	\$ 171,490	\$ 270,204
Capacity and Interaction (Schedule 7)	65,846	92,035
Participation (Schedule 8)	37,811	41,849
Excellence (Schedule 9)	94,856	64,568
Membership Assistance Program (Schedule 10)	57,500	59,700
Elgin Bracken Fund Expense	750	750
	428,253	529,106
Net Revenue (Expenditures) For The Year	\$ 233,416	\$ 73,044

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	2021	2020
Accumulated Surplus At the Beginning of the Year	\$ 31,011	\$ 19,050	\$ 384,840	\$ 434,901	\$ 361,857
Net Revenue (Expenditures) For The Year	-	-	233,416	233,416	73,044
Accumulated Surplus At the End of the Year	\$ 31,011	\$ 19,050	\$ 618,256	\$ 668,317	\$ 434,901

See accompanying notes to financial statements

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

	2021	2020
Cash Provided by (Used In) Operations		
Net Revenue (Expenditures) For The Year	\$ 233,416	\$ 73,044
Items not involving cash:		
Amortization	1,441	2,703
Adjustments to reconcile Net Income to cash provided by operating activities:		
(Increase) Decrease in:		
Accounts Receivable	9,723	(7,841)
Goods and Services Tax Rebate Receivable	337	487
Prepaid Expenses	4,183	(4,979)
Inventory	(2,186)	868
Increase (Decrease) in:		
Accounts Payable	7,924	(1,296)
Deferred Revenue	21,181	13,540
Deferred Pegasus Fund Revenue	2,836	1,911
Cash provided by (used for) operations	278,855	78,437
Investing Activities		
Proceeds on disposal of investments	363,100	-
Purchase of investments	(498,875)	(4,482)
Cash provided by (used for) investing	(135,775)	(4,482)
Increase in cash during the year	143,080	73,955
Cash Position at the beginning of the Year	395,543	321,588
Cash Position at the end of the Year	\$ 538,623	\$ 395,543
Cash Consists of:		
Cash in Bank	\$ 492,418	\$ 352,174
Restricted Pegasus Fund	46,205	43,369
	\$ 538,623	\$ 395,543

See accompanying notes to financial statements

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2021

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) Basis of Presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not for Profit Organizations (ASNPO), applied within the framework of accounting policies summarized below.

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.

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.

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2021

2. Significant Accounting Policies continued

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.

3. Investments

Investments consist of the following:

	2021	2020
<u>Term Deposits</u>		
CIBC redeemable GIC, 0.20% maturing Mar 4, 2022	\$ 125,500	\$ -
CIBC GIC, 0.45% maturing Mar 4, 2022	188,579	-
CIBC GIC, 0.45% maturing Mar 7, 2022	184,796	-
CIBC GIC, 2.55% maturing Mar 4, 2021	-	179,318
CIBC GIC, 0.55% maturing Mar 5, 2021	-	183,782
	<u>\$ 498,875</u>	<u>\$ 363,100</u>

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2021

4. Capital Assets

Capital assets consist of the following:

	Capital Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Computer equipment	8,245	8,245	-	-
Furniture and equipment	14,410	6,911	7,499	8,940
	<u>\$ 22,655</u>	<u>\$ 15,156</u>	<u>\$ 7,499</u>	<u>\$ 8,940</u>

5. Deferred Revenue

Deferred revenue consists of the following:

	2021	2020
Annual Funding	\$ 183,050	\$ 183,050
Membership Assistance Program	57,400	57,500
Membership revenues	41,271	31,462
Government grants	6,891	9,185
Insurance revenues	16,153	12,496
Sponsorships - General, in-kind	3,090	-
Sponsorships - provincial finals	2,500	-
Unspent raffle proceeds	27,170	22,967
Western Horse Review	1,058	742
	<u>\$ 338,583</u>	<u>\$ 317,402</u>

6. Restricted/Deferred Pegasus Funds

Restricted 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.

7. Appropriated Surplus

The Board of Directors has designated funds as a reserve against possible future decreases in revenues to be able to continue services until additional funds can be arranged. In 2021, the Board appropriated \$nil (2020 - \$10,050) to the High Performance Reserve Fund.

8. 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.

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2021

8. Financial Instruments and Risk continued

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.

9. 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.

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:

2022	\$	1,560
2023	\$	390

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2021

13. Impact of COVID-19

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

2021 2020

Saskatchewan Lotteries Trust Fund, Sports Division
Schedule 1

Annual Funding	\$	366,100	\$	357,900
Membership Assistance Program		57,500		59,700
		\$ 423,600		\$ 417,600

Schedule of Memberships
Schedule 2

Individuals	\$	152,858	\$	112,938
Corporate		8,850		17,400
		\$ 161,708		\$ 130,338

Schedule of Fundraising (net of expenses)
Schedule 3

Equine Expo	\$	-	\$	7,500
Grant - SLGA		7,648		2,108
Raffle revenue		24,972		29,910
Raffle expense		(20,071)		(21,394)
Raffle proceeds deferred to next year		-		(1,755)
		\$ 12,549		\$ 16,369

Schedule of Grants
Schedule 4

Government of Saskatchewan - Ag Partnership	\$	3,543	\$	815
		\$ 3,543		\$ 815

Schedule of Sales (net of expenses)
Schedule 5

Hall of Fame Banquet	\$	500	\$	1,868
Insurance/sanctioning Revenue		48,486		30,705
Insurance/sanctioning Expense		(35,736)		(18,979)
Manual sales		2,985		5,540
Western Horse Review Revenue		2,725		1,419
Western Horse Review Expense		(1,052)		(763)
Cost of Goods Sold		(2,133)		-
		\$ 15,775		\$ 19,790

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

	2021	2020
Administration		
Schedule 6		
Amortization	\$ 1,441	\$ 2,703
Audit	5,425	4,991
Bad Debts	-	23
Insurance	9,168	8,488
Legal Fees	4,727	1,570
Office Operations		
Bank charges	13,628	9,230
Bookkeeping	2,713	2,688
Office expenses	43,763	43,514
Salaries and Benefits	88,151	192,759
Staff Travel and Recruitment	2,474	4,238
	\$ 171,490	\$ 270,204
	\$ 171,490	\$ 270,204

Capacity and Interaction
Schedule 7

Awards and Recognition	\$ 12,162	\$ 18,282
Communication	14,829	28,763
Conference/Symposiums	1,443	1,217
Marketing and Promotion	453	8,320
Meetings		
AGM	3,293	5,631
Board and Committee	12,075	17,881
Memberships	15,034	11,547
Professional and Leadership Development	6,557	394
	\$ 65,846	\$ 92,035
	\$ 65,846	\$ 92,035

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

	2021	2020
Participation Schedule 8		
Athlete Development		
Competitions	\$ 1,592	\$ 5,000
Introductory Programs	4,800	7,766
Target Group Initiatives	5,000	-
Coaching Development	2,019	4,233
Officials Development	2,300	2,251
Salaries and Benefits	22,100	22,599
	<u>\$ 37,811</u>	<u>\$ 41,849</u>

Excellence Schedule 9		
Athlete Development		
Athlete Assistance	\$ 8,500	\$ 9,950
Competition	25,964	27,447
Talent ID	31,394	-
Training	1,800	-
Coaching Development	2,019	2,321
Officials Development	2,340	2,251
Salaries and Benefits	22,100	22,599
Sport Medicine & Science	739	-
	<u>\$ 94,856</u>	<u>\$ 64,568</u>

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

	2021	2020
Membership Assistance Program Grants		
Schedule 10		
Club Name		
Aberdeen Sunset Riders	\$ -	\$ 1,000
Battlefords Quarter Horse Club Inc.	1,000	-
Bengough Agricultural Society Inc.	-	975
Biggar Recreational Valley Inc.	1,300	1,800
Bridge City Polocrosse Inc.	900	-
Cadillac Light Horse Club	1,000	1,000
Canadian Ranch Roping Association	1,450	-
Canadian Thoroughbred Horse Society	-	1,000
Classique Equestrian Club Inc.	-	1,000
Corman Park Horse Riders	1,300	2,301
Davidson Riding Club	230	710
Delisle Riding Club	1,000	1,075
Dusty Riders 4H Light Horse	-	1,000
Eastend Light Horse Improvement Society	1,250	-
Equine Elite 4H Club	-	1,525
Esterhazy Team Penners	-	975
Glenavon and District Agriculture Society	-	1,075
Grasswood Fillies Inc.	439	1,000
Heartland Pony Club	1,250	1,525
Last Mountain Riding Club	1,000	744
Living Skies Pony Club	-	840
Maple Creek Light Horse Association	1,250	-
Melville & District Agripark Association	-	1,800
Midwest Miniature Horse & Pony Club	-	975
Moose Mountain Trail Riders	-	506
Nokomis Agricultural Society Inc.	-	1,075
Norsask Riders	-	850
Park Valley Pony Club	1,450	-
Parkland Riding Club	-	1,075
Prairie Arabian Working Western & Sport Horse Association	3,231	-
Prairie Mentoring Centre for Therapeutic Riding	1,750	2,301
Prairie N Forest Equestrian Club	1,300	1,200
Red Deer Saddle Club	1,250	-
Regina District Dressage Association	1,650	975
Sask 4H Council	-	975
Sask Clydesdale Association	1,050	975
Sask Cutting Horse Association	3,231	1,525
Sask Equestrian Vaulting Association	-	1,300

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

	2021	2020
Sask Hunter Jumper Association	1,300	2,000
Sask Long Riders	1,300	1,200
Sask Morgan Horse Club	900	1,000
Sask Paint Horse Club	-	1,200
Sask Quarter Horse Association	875	1,000
Sask Reined Cow Horse Association	3,231	1,075
Sask Reining Horse Association	3,231	2,301
Sask Riding Clubs Association	-	1,075
Sask Valley Riding Club	1,250	850
Sask Western Dressage Association	2,400	2,301
Sask Working Teamsters Association	-	696
Sask Outback Riding Club	-	1,075
Saskatoon Dressage Club	2,400	-
Saskatoon Riding Club	1,550	850
Saskatoon Team Penning Club	3,232	1,525
Shaunavon/Admiral Agriculture	1,250	-
Sunshine Vaulters	1,000	1,075
Swift Current Agricultural & Exhibition	1,900	975
Twin Valley Riding Club	-	850
Val Marie 4H Light Horse Club	1,300	1,525
Victoria Plains Horse Club	1,050	975
Wheels & Saddles Drive / Riding	1,050	1,075
Total MAP Grants	\$ 57,500	\$ 59,700