

Saskatchewan Horse Federation Inc.

Financial Statements

Year Ended December 31, 2022

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, 2022, 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, 2022 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, 2023
Regina, Saskatchewan

Robert D. Szautner
Chartered Professional Accountant

Saskatchewan Horse Federation Inc.
Statement of Financial Position
as at December 31, 2022

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 553,847	\$ 492,418
Investments (Note 3)	558,637	498,875
Accounts receivable	12,473	6,478
Goods and services tax rebate receivable	2,595	2,878
Prepaid expenses	9,782	11,475
Inventory	8,683	3,524
	1,146,017	1,015,648
Capital assets (Note 4)	6,058	7,499
Restricted Pegasus fund (Note 6)	47,804	46,205
	\$ 1,199,879	\$ 1,069,352
Liabilities		
Current Liabilities		
Accounts payable & accrued liabilities	\$ 18,937	\$ 16,247
Deferred revenue (Note 5)	322,872	338,583
Deferred Pegasus Fund Revenue (Note 6)	47,803	46,205
	389,612	401,035
Accumulated Surplus		
Unappropriated Surplus	760,206	618,256
Revenue Stabilization Reserve (Note 7)	31,011	31,011
High Performance Reserve Fund (Note 7)	19,050	19,050
	810,267	668,317
	\$ 1,199,879	\$ 1,069,352

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, 2022

	2022	2021
Revenue		
Sask Lotteries Trust Fund, Sport Division (Schedule 1)	\$ 423,500	\$ 423,600
Self-Help Internal		
Competitions/Clinics	24,646	34,915
Memberships (Schedule 2)	154,367	161,708
Team and Athlete Fees	1,398	1,900
Self-Help External		
Donations	7,387	750
Fundraising (net) (Schedule 3)	25,855	12,549
Grants (Schedule 4)	5,130	3,543
Interest Income	4,999	2,661
Other	188	189
Sales (net) (Schedule 5)	24,096	15,775
Sponsorships	4,725	4,079
	676,291	661,669
Expenditures		
Administration (Schedule 6)	\$ 233,745	\$ 171,490
Capacity and Interaction (Schedule 7)	74,651	65,846
Participation (Schedule 8)	74,192	37,811
Excellence (Schedule 9)	92,103	94,856
Future Best	1,500	-
Membership Assistance Program (Schedule 10)	57,400	57,500
Elgin Bracken Fund Expense	750	750
	534,341	428,253
Net Revenue For The Year	\$ 141,950	\$ 233,416

See accompanying notes to financial statements

Saskatchewan Horse Federation Inc.
Statement of Accumulated Surplus
For the Year Ended December 31, 2022

	Revenue Stabilization Reserve	High Performance Reserve	Unappropriated Surplus	2022	2021
Accumulated Surplus At the Beginning of the Year	\$ 31,011	\$ 19,050	\$ 618,256	\$ 668,317	\$ 434,901
Net Revenue For The Year	-	-	141,950	141,950	233,416
Accumulated Surplus At the End of the Year	\$ 31,011	\$ 19,050	\$ 760,206	\$ 810,267	\$ 668,317

See accompanying notes to financial statements

Saskatchewan Horse Federation Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022

	2022	2021
Cash Provided by (Used In) Operations		
Net Revenue For The Year	\$ 141,950	\$ 233,416
Items not involving cash:		
Amortization	1,441	1,441
Adjustments to reconcile Net Income to cash provided by operating activities:		
(Increase) Decrease in:		
Accounts receivable	(5,995)	9,723
Goods and services tax rebate receivable	283	337
Prepaid expenses	1,693	4,183
Inventory	(5,159)	(2,186)
Increase (Decrease) in:		
Accounts payable	2,690	7,924
Deferred revenue	(15,711)	21,181
Deferred Pegasus fund revenue	1,599	2,836
Cash provided by (used for) operations	122,791	278,855
Investing Activities		
Proceeds on disposal of investments	498,875	363,100
Purchase of investments	(558,637)	(498,875)
Cash provided by (used for) investing	(59,762)	(135,775)
Increase in cash during the year	63,029	143,080
Cash Position at the beginning of the Year	538,623	395,543
Cash Position at the end of the Year	\$ 601,652	\$ 538,623
Cash Consists of:		
Cash in Bank	\$ 553,847	\$ 492,418
Restricted Pegasus Fund	47,804	46,205
	\$ 601,651	\$ 538,623

See accompanying notes to financial statements

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2022

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, 2022

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

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

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:

	2022	2021
<u>Term Deposits</u>		
CIBC non-redeemable GIC, 1.00% maturing Mar 21,2023	\$ 184,796	\$ -
CIBC non-redeemable GIC, 1.00% maturing Mar 21,2023	188,579	-
CIBC GIC, 1.40% maturing Jun 8, 2023	28,477	-
CIBC GIC, 1.40% maturing Jun 9, 2023	156,785	-
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
	\$ 558,637	\$ 498,875

Saskatchewan Horse Federation Inc.
Notes to Financial Statements
For the Year Ended December 31, 2022

4. Capital Assets

Capital assets consist of the following:

	Capital Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Computer equipment	8,245	8,245	-	-
Furniture and equipment	14,410	8,352	6,058	7,499
	\$ 22,655	\$ 16,597	\$ 6,058	\$ 7,499

5. Deferred Revenue

Deferred revenue consists of the following:

	2022	2021
Annual funding	\$ 208,950	\$ 183,050
Membership assistance program	58,100	57,400
Membership revenues	25,900	41,271
Government grants	3,261	6,891
Insurance revenues	2,871	15,090
Nomination - Heritage & Prairie cups	775	905
Sponsorships - General, in-kind	1,565	3,090
Sponsorships - provincial finals	-	2,500
Taxes collected	106	158
Unspent raffle proceeds	20,939	27,170
Western Horse Review	406	1,058
	\$ 322,872	\$ 338,583

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 2022, the Board appropriated \$Nil (2021 - \$Nil) 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, 2022

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:

2023	\$	390
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13. 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, 2022

2022 **2021**

Saskatchewan Lotteries Trust Fund, Sports Division
Schedule 1

Annual funding	\$	366,100	\$	366,100
Membership assistance program		57,400		57,500
		<u>423,500</u>		<u>423,600</u>

Schedule of Memberships
Schedule 2

Individuals	\$	146,887	\$	152,858
Corporate		7,480		8,850
		<u>154,367</u>		<u>161,708</u>

Schedule of Fundraising (net of expenses)
Schedule 3

AGM fundraising activities	\$	1,115	\$	-
Equine expo		7,500		-
Grant - SLGA		3,471		7,648
Heritage & Prairie Cup banquet		2,300		-
Raffle revenue		29,656		24,972
Raffle expense		(18,187)		(20,071)
		<u>25,855</u>		<u>12,549</u>

Schedule of Grants
Schedule 4

Future Best	\$	1,500	\$	-
Government of Saskatchewan - Ag partnership		3,630		3,543
		<u>5,130</u>		<u>3,543</u>

Schedule of Sales (net of expenses)
Schedule 5

Hall of Fame banquet	\$	1,733	\$	500
Insurance/sanctioning revenue		49,634		48,486
Insurance/sanctioning expense		(29,230)		(35,736)
Manual sales		1,760		2,985
Merchandise sales		280		-
Cost of goods sold		(1,535)		(2,133)
Western Horse Review revenue		3,130		2,725
Western Horse Review expense		(1,676)		(1,052)
		<u>24,096</u>		<u>15,775</u>

Saskatchewan Horse Federation Inc.
Expenditures Schedules to Financial Statements
For the Year Ended December 31, 2022

	2022	2021
Administration		
Schedule 6		
Amortization	\$ 1,441	\$ 1,441
Audit	5,968	5,425
Insurance	5,669	9,168
Legal fees	30	4,727
Office operations		
Bank charges	9,006	13,628
Bookkeeping	2,770	2,713
Office expenses	39,351	43,763
Salaries and benefits	167,080	88,151
Staff travel and recruitment	2,430	2,474
	\$ 233,745	\$ 171,490

Capacity and Interaction
Schedule 7

Awards and recognition	\$ 19,135	\$ 12,162
Communication	13,169	14,829
Conference/Symposiums	3,631	1,443
Marketing and promotion	3,893	453
Meetings		
AGM	5,751	3,293
Board and committee	10,567	12,075
Memberships	8,076	15,034
Planning & Policy development	8,789	6,557
Professional and Leadership Development	1,640	-
	\$ 74,651	\$ 65,846

Saskatchewan Horse Federation Inc.
Expenditures Schedules to Financial Statements
For the Year Ended December 31, 2022

	2022	2021
Participation		
Schedule 8		
Athlete development		
Competitions	\$ 32,481	\$ 1,592
Introductory programs	10,428	4,800
Target group initiatives	-	5,000
Coaching development	6,657	2,019
Officials development	2,109	2,300
Salaries and benefits	22,517	22,100
	\$ 74,192	\$ 37,811

Excellence		
Schedule 9		
Athlete development		
Athlete assistance	\$ 13,050	\$ 8,500
Competition	42,073	25,964
Talent ID	3,000	31,394
Training	-	1,800
Coaching development	6,732	2,019
Officials development	4,730	2,340
Salaries and benefits	22,518	22,100
Sport Medicine & Science	-	739
	\$ 92,103	\$ 94,856

Saskatchewan Horse Federation Inc.
Expenditures Schedules to Financial Statements
For the Year Ended December 31, 2022

	2022	2021
Membership Assistance Program Grants		
Schedule 10		
Club Name		
Aberdeen Sunset Riders	\$ 1,000	\$ -
Battlefords Quarter Horse Club Inc.	643	1,000
Biggar Recreational Valley Inc.	1,150	1,300
Bridge City Polocrosse Inc.	1,000	900
Cadillac Light Horse Club	1,150	1,000
Canadian Ranch Roping Association	1,000	1,450
Carrot River Light Horse Club	1,150	-
Classique Equestrian Club Inc.	1,000	-
Corman Park Horse Riders	1,150	1,300
Davidson Riding Club (Brightwater Riding Club)	408	230
Delisle Riding Club	826	1,000
Dusty Riders 4H Light Horse	1,000	-
Eastend Light Horse Improvement Society	1,000	1,250
Grasswood Fillies Inc.	1,150	439
Heartland Pony Club	1,150	1,250
Last Mountain Riding Club	1,000	1,000
Maple Creek Light Horse Association	1,150	1,250
Midwest Roping Association	1,000	-
North East Riding Club	1,150	-
Park Valley Pony Club	1,150	1,450
Parkland Riding Club	900	-
Prairie Arabian Working Western & Sport Horse Association	1,280	3,231
Prairie Carriage Driving Club	1,150	-
Prairie Mentoring Centre for Therapeutic Riding	1,280	1,750
Prairie N Forest Equestrian Club	1,150	1,300
Qu'Appelle Horse Pullers	1,000	
Red Deer Saddle Club	1,000	1,250
Regina District Dressage Association	1,000	1,650
Sask Clydesdale Association	1,000	1,050
Sask Cutting Horse Association	1,370	3,231
Sask Equestrian Vaulting Association	1,280	-
Sask Hunter Jumper Association	1,000	1,300
Sask Long Riders	1,150	1,300
Sask Morgan Horse Club	1,000	900
Sask Mountain Trail Club	1,000	-
Sask Paint Horse Club	1,369	-
Sask Quarter Horse Association	1,000	875
Sask Reined Cow Horse Association	-	3,231

Saskatchewan Horse Federation Inc.
Expenditures Schedules to Financial Statements
For the Year Ended December 31, 2022

	2022	2021
Sask Reining Horse Association	1,369	3,231
Sask Regional Pony Club	1,150	-
Sask Riding Club Assoc	1,369	-
Sask Valley Riding Club	1,150	1,250
Sask Western Dressage Association	1,369	2,400
Sask Working Teamsters Association	1,000	-
Saskatoon Dressage Club	1,369	2,400
Saskatoon Riding Club	1,150	1,550
Saskatoon Team Penning Club	1,369	3,232
Shaunavon/Admiral Agriculture	-	1,250
Sunshine Vaulters	1,000	1,000
Swift Current Agricultural & Exhibition	-	1,900
Tally Ho Equestrian	1,369	-
Val Marie 4H Light Horse Club	1,280	1,300
Vanscoy Multiple 4H Club	1,150	-
Victoria Plains Horse Club	1,000	1,050
Wheels & Saddles Drive / Riding	1,150	1,050
Total MAP Grants	\$ 57,400	\$ 57,500