

HORSESHOE SASKATCHEWAN INC.

Auditor's Report

Financial Statements

April 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the Directors of **Horseshoe Saskatchewan Inc.**

Report on the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **Horseshoe Saskatchewan Inc.**, which comprise the statement of financial position as at **April 30, 2022** and the statements of operations and changes in net assets, fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at **April 30, 2022** and the results of its financial activities and change in its financial position for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, **Horseshoe Saskatchewan Inc.** derives revenue from cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these receipts was limited to the amounts recorded in the records of **Horseshoe Saskatchewan Inc.**. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenditures, and cash flows from operations for the years ended **April 30, 2022** and **April 30, 2021**.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of **Horseshoe Saskatchewan Inc.** in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements for the year ended **April 30, 2021** were audited by another auditor who expressed an unqualified opinion on those statements on June 28, 2021.

Responsibilities of Management and Those Charged with Governance 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.

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 the use of the going concern basis of accounting unless management either intends to liquidate the entity or 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 Responsibility for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

Saskatoon, Saskatchewan
June 30, 2022


Chartered Professional Accountants

HORSESHOE SASKATCHEWAN INC.

STATEMENT OF FINANCIAL POSITION

April 30, 2022
with comparative figures for 2021

	<u>2022</u>	<u>2021</u> (Restated - Note 6)
<u>ASSETS</u>		
Current assets:		
Cash	\$ 156,437	143,770
Investment in National Sport Trust Fund	2,376	1,876
Prepaid expenses	-	663
Total current assets	<u>158,813</u>	<u>146,309</u>
Investment in Sport Legacy Fund	<u>1,038</u>	<u>987</u>
	<u>\$ 159,851</u>	<u>147,296</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,539	3,500
Deferred revenue (Note 3)	<u>34,050</u>	<u>33,850</u>
Total current liabilities	<u>38,589</u>	<u>37,350</u>
Net assets:		
Unrestricted, per accompanying statement	<u>121,262</u>	<u>109,946</u>
	<u>\$ 159,851</u>	<u>147,296</u>

APPROVED ON BEHALF OF THE BOARD:

Dale Squires Director

Peter Harberah Director

HORSESHOE SASKATCHEWAN INC.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended April 30, 2022
with comparative figures for 2021

	<u>2022</u>	<u>2021</u> (Restated - Note 6)
Revenue:		
Sask Lotteries Trust Fund, Sport Division (Schedule 1)	\$ 53,920	54,500
Self help (Schedule 2)	<u>9,431</u>	<u>7,484</u>
	63,351	61,984
Operating expenses:		
Administration (Schedule 3)	12,637	9,397
Capacity/interaction (Schedule 4)	4,374	4,038
Participation (Schedule 5)	18,994	24,551
Excellence (Schedule 6)	3,330	3,234
Membership assistance payments (Schedule 7)	<u>12,700</u>	<u>12,201</u>
	<u>52,035</u>	<u>53,421</u>
Excess of revenues over expenditures	11,316	8,563
Net assets, beginning of year	<u>109,946</u>	<u>101,383</u>
Net assets, end of year	<u>\$ 121,262</u>	<u>109,946</u>

Horseshoe Saskatchewan Inc.

HORSESHOE SASKATCHEWAN INC.

STATEMENT OF CASH FLOWS

Year ended April 30, 2022
with comparative figures for 2021

	<u>2022</u>	<u>2021</u> (Restated - Note 6)
Operating activities:		
Excess of revenues over expenditures	\$ 11,316	8,563
Changes in non-cash working capital:		
Investment in National Sport Trust	(500)	-
Investment in Sport Legacy Fund	(51)	-
Prepaid expenses	663	99
Accounts payable and accrued liabilities	1,039	(990)
Deferred revenue	<u>200</u>	<u>500</u>
	<u>12,667</u>	<u>8,172</u>
Increase in cash during the year	12,667	8,172
Cash position, beginning of year	<u>143,770</u>	<u>135,598</u>
Cash position, end of year	<u>\$ 156,437</u>	<u>143,770</u>

Cash is comprised of cash in bank less outstanding cheques.

HORSESHOE SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2022

1. DESCRIPTION OF OPERATIONS

Horseshoe Saskatchewan Inc. (the "Association") was incorporated under the non-profit corporations act of the province of Saskatchewan on November 9, 1987. The Association exists to coordinate, encourage, and facilitate the development of the horseshoe sport in Saskatchewan. The Association is exempt from taxes under section 149(1)(l) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) **Revenue recognition**

The Association follows the deferral method of accounting for contributions.

Grants from Sask Lotteries Trust Fund for Sport, Culture and Recreation are received out of the net proceeds of lottery ticket sales in Saskatchewan. These grants have been recorded as revenue by the Association as approved by Sask Lotteries Trust Fund for Sport, Culture and Recreation for the year ended April 30, 2022. Accordingly, any amounts not received by year end are shown as grant receivable and any amounts received relating to the next fiscal period are shown as deferred grant revenue.

Unrestricted contributions, fees and investment income are recognized in revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized in revenue in the year in which the related expenses are incurred.

(b) **Contributed services**

Volunteers contribute an indeterminate number of hours to assist the Association in carrying out its activities. The value of this contribution is not recognized in these financial statements.

(c) **Capital Assets**

The Association has adopted the policy of writing off expenditures for the purchase of capital assets in the year of purchase. During the April 30, 2022 period, no capital assets were expensed.

(d) **Measurement uncertainty**

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(e) **Financial instruments**

Financial instruments, including cash, investments in National Sport Trust Fund and Sport Legacy Fund, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

HORSESHOE SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2022

3. DEFERRED REVENUE

During 2022 Horseshoe Saskatchewan Inc. received \$34,050 from the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation for expenses which will occur in the following fiscal year (2021 - \$33,850.)

4. ECONOMIC DEPENDENCE

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

5. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at April 30, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

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 carrying amounts of financial assets on the statement of financial position represent the Association's maximum exposure at the financial statement date. The credit risk on cash is limited because the counterpart is a financial institution with high credit rating assigned by national credit-rating agencies.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is not exposed to significant market risk.

6. CORRECTION OF AN ERROR

During the year, the Association determined that the investments in the Sport Legacy Fund and the National Sport Trust Fund were not recorded as assets in the prior year. As a result, prior year current assets increased by \$1,876, long-term assets increased by \$987, and net assets increased by \$2,863.

7. COMPARATIVE FIGURES

The prior year's comparative figures have been reclassified to conform to the current year's method of presentation.

HORSESHOE SASKATCHEWAN INC.

SCHEDULE OF REVENUES

Year ended April 30, 2022
with comparative figures for 2021

	<u>2022</u>	<u>2021</u>
Schedule 1 - Sask Lotteries Trust Fund - Sport Division		
Annual funding	\$ 41,220	42,300
Membership assistance program	<u>12,700</u>	<u>12,200</u>
	<u>\$ 53,920</u>	<u>54,500</u>
Schedule 2 - Self help		
Internal		
Fundraising and other	\$ 4,818	4,226
Memberships	2,024	1,844
Participation fees	1,490	915
External		
Donations	550	-
Interest	<u>549</u>	<u>499</u>
	<u>\$ 9,431</u>	<u>7,484</u>

HORSESHOE SASKATCHEWAN INC.

SCHEDULE OF EXPENSES

Year ended April 30, 2022
with comparative figures for 2021

	<u>2022</u>	<u>2021</u>
Schedule 3 - Administration		
Audit	\$ 4,579	3,961
Honorariums	1,900	1,900
Insurance	2,326	763
Office	964	1,147
Other	<u>2,868</u>	<u>1,626</u>
	<u>\$ 12,637</u>	<u>9,397</u>
Schedule 4 - Capacity/interaction		
Awards and Recognition	\$ 739	1,330
Conferences and travel	1,249	896
Marketing and communications	1,546	382
National dues	-	620
Planning	<u>840</u>	<u>810</u>
	<u>\$ 4,374</u>	<u>4,038</u>
Schedule 5 - Participation		
Coaching development	\$ 3,200	3,500
Competitions	8,547	11,213
Official development	2,300	4,012
Programs	3,447	4,326
Target group initiatives	<u>1,500</u>	<u>1,500</u>
	<u>\$ 18,994</u>	<u>24,551</u>
Schedule 6 - Excellence		
Athlete assistance	\$ 1,800	1,704
Talent identification	<u>1,530</u>	<u>1,530</u>
	<u>\$ 3,330</u>	<u>3,234</u>
Schedule 7 - Member assistance program		
Battleford	\$ 1,820	1,437
Caronport	2,307	1,494
Manitou	970	1,025
Paddockwood	911	764
Prince Albert	1,046	810
Regina	1,180	1,214
Saskatoon	1,979	3,190
Swift Current	1,002	902
Whitewood	<u>1,485</u>	<u>1,365</u>
	<u>\$ 12,700</u>	<u>12,201</u>