

JAMES H. STINN

Certified General Accountant
Prof. Corp.

HORSESHOE SASKATCHEWAN INC.
INDEX TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

SUITE 300 – 820 51ST STREET EAST
SASKATOON, SASKATCHEWAN S7K 0X8
PHONE (306) 955-9977 FAX (306) 955-3633
E-MAIL jstinn@sasktel.net

HORSESHOE SASKATCHEWAN INC. FINANCIAL STATEMENTS APRIL 30, 2012

	Page
Auditor's Report	1-2
Statement of Financial Position	3
Statement of Revenue, Over Expenses and Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-8
Schedule of Expenses	9-10

HORSESHOE SASKATCHEWAN INC.
INDEX TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

SUITE 302 - 820 51ST STREET EAST
SASKATOON, SASKATCHEWAN S7K 0X8
PHONE (306) 955-9977 FAX (306) 955-3623
E-MAIL jstinn@sasktel.net

INDEPENDENT AUDITOR'S REPORT

	Page
To the Members of Horseshoe Saskatchewan Inc.	
Auditor's Report	1-2
Statement of Financial Position	3
Statement of Revenue Over Expenses and Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-8
Schedule of Expenses	9-10

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

JAMES H. STINN

Certified General Accountant

Prof. Corp.

SUITE 300 – 820 51ST STREET EAST
SASKATOON, SASKATCHEWAN S7K 0X8
PHONE (306) 955-9977 FAX (306) 955-3633
E-MAIL jstinn@sasktel.net

INDEPENDENT AUDITOR'S REPORT

To the Members of Horseshoe Saskatchewan Inc.

I have audited the accompanying financial statements of Horseshoe Saskatchewan Inc. which comprise the statement of financial position as at April 30, 2012 and the statements of revenue and expenses, net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Organization's responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

HORSESHOE SASKATCHEWAN INC.
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2012

Basis For Qualified Opinion

In common with many charitable organizations, the Organization derives a part of its revenue from fund-raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to fundraising and other revenue, excess of revenues over expenses, assets and net assets.

Opinion

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Horseshoe Saskatchewan Inc. as at April 30, 2012 and its financial performance for the year then ended, in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Saskatoon, Saskatchewan
June 20, 2012



Certified General Accountant, Prof Corp

APPROVED ON BEHALF OF THE MEMBERS:

K. White Member
Margaret Kemp Member

HORSESHOE SASKATCHEWAN INC.
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2012

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT		
Bank	\$ 57,424	\$ 49,896
Term deposits & GICs	<u>0</u>	<u>28,134</u>
	<u>\$ 57,424</u>	<u>\$ 78,030</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 2,127	\$ 2,951
Deferred grant revenue (Note 3)	<u>18,700</u>	<u>31,984</u>
	<u>20,827</u>	<u>34,935</u>
FUND BALANCES		
FUND BALANCES		
Unrestricted (Note 2)	<u>36,597</u>	<u>43,095</u>
	<u>\$ 57,424</u>	<u>\$ 78,030</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(6,498)	14,329
NET ASSETS, beginning of year	<u>45,095</u>	<u>28,766</u>
	<u>\$ 36,597</u>	<u>\$ 43,095</u>
APPROVED ON BEHALF OF THE MEMBERS:		

K R White Member

Margaret Kemp Member

The accompanying notes are an integral part of these financial statements.

HORSESHOE SASKATCHEWAN INC.
STATEMENT OF REVENUE OVER EXPENSES AND NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2012

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
REVENUES		
Saskatchewan Lotteries Trust Fund - Sport Division:		
Annual funding	\$ 36,289	\$ 35,232
Membership assistance program	13,839	14,790
Hosting	<u>0</u>	<u>852</u>
	50,128	50,874
Self help:		
Internal - Fundraising and other	7,377	13,986
Memberships	1,944	1,902
Participation fees	2,632	2,872
External - Interest	939	1,383
Donations	<u>91</u>	<u>8,036</u>
	<u>63,111</u>	<u>79,053</u>
EXPENSES (Schedule 1)		
Administration	12,925	9,833
Capacity/Interaction	7,488	5,305
Participation	15,746	13,829
Excellence	19,611	20,967
Membership assistance	<u>13,839</u>	<u>14,790</u>
	<u>69,609</u>	<u>64,724</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(6,498)	14,329
NET ASSETS, beginning of year	<u>43,095</u>	<u>28,766</u>
NET ASSETS, end of year	<u>\$ 36,597</u>	<u>\$ 43,095</u>

The accompanying notes are an integral part of these financial statements.

HORSESHOE SASKATCHEWAN INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2012

1. NATURE OF OPERATIONS

Horseshoe Saskatchewan Inc. is incorporated under the Non-profit Corporations Act of the Province of Saskatchewan. Horseshoe Saskatchewan Inc. exists to coordinate, manage and administer the activities of the organization in Saskatchewan. As a not-for-profit organization, Horseshoe Saskatchewan Inc. is not-for-profit.

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenditures	\$ (6,498)	\$ 14,329
Accounts payable	(824)	1,260
Deferred grant revenue	<u>(13,284)</u>	<u>(422)</u>
INCREASE (DECREASE) IN CASH	(20,606)	15,167
CASH, beginning of year	<u>78,030</u>	<u>62,863</u>
CASH, end of year	<u>\$ 57,424</u>	<u>\$ 78,030</u>

COMPONENTS OF CASH

Cash	\$ 57,424	\$ 49,896
Term deposits	<u>0</u>	<u>28,134</u>
	<u>\$ 57,424</u>	<u>\$ 78,030</u>

Self help raised from other sources is recognized as revenue as received.

Contributed services

Volunteers contribute about 1,200 hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments - recognition and measurement:

All financial assets and financial liabilities are measured at fair market value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, loans and receivables, held to maturity, available for sale or other financial liabilities. Transaction costs are capitalized on initial recognition, except financial instruments designated as held for trading. In those cases, the transaction costs are expensed.

Financial assets and financial liabilities held for trading are measured at fair market value with changes in those fair market values recognized in other revenue. Financial assets held to maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method of amortization. Available for sale unrestricted net assets represent changes in net assets during a period, arising from unrealized gains and losses on financial assets as available for sale. The Organization did not have any unrealized gains or losses on available for sale unrestricted net assets during the period.

The accompanying notes are an integral part of these financial statements.

HORSESHOE SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT APRIL 30, 2012

1. NATURE OF OPERATIONS

Horseshoe Saskatchewan Inc. is incorporated under the Non-profit Corporations Act of the Province of Saskatchewan. Horseshoe Saskatchewan Inc. exists to coordinate, encourage and facilitate the development of Horseshoes in Saskatchewan. As a non-profit organization, Horseshoe Saskatchewan Inc. is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for non profit organizations which required 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 amounts of revenues and expenses during the period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in revenues or expenses in the period in which they become known. The financial statements reflect the following significant accounting policies:

Revenue recognition

Grants from Saskatchewan 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 Horseshoe Saskatchewan Inc. as approved by Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation for the year ended April 30, 2012. Accordingly, any amounts not received by year end are shown as grant receivable and any amounts relating to the next fiscal period are shown as deferred grant revenue.

Self help raised from other sources is recognized as revenue as received.

Contributed services

Volunteers contribute about 1,200 hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments - recognition and measurement:

All financial assets and financial liabilities are measured at fair market value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, loans and receivables, held to maturity, available for sale or other financial liabilities. Transaction costs are capitalized on initial recognition, except financial instruments designated as held for trading. In those cases, the transaction costs are expensed.

Financial assets and financial liabilities held for trading are measured at fair market value with changes in those fair market values recognized in other revenue. Financial assets held to maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method of amortization. Available for sale unrestricted net assets represent changes in net assets during a period, arising from unrealized gains and losses on financial assets as available for sale. The Organization did not have any unrealized gains or losses on available for sale unrestricted net assets during the period.

The accompanying notes are an integral part of these financial statements.

HORSESHOE SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT APRIL 30, 2012

2. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments - presentation and disclose:

The Organization has chosen to continue to apply the disclosure requirements of section 3861.

Accounts and grants receivable:

Accounts and grants receivable are classified as held for trading and are recorded at fair market value. The fair market value is equal to its carrying value given the short term nature of the amounts.

Investments:

Investments classified as held to maturity are those which the Organization has the intent and ability to hold until maturity. The investments are recorded at amortized cost using the effective interest rate method. Where there has been a decline in value which is not temporary, these investments are valued at net realized value.

Accounts and grant returns payable:

Accounts and grant returns payable are classified as other liabilities and are recorded at amortized cost.

3. DEFERRED GRANT REVENUE

During 2012 Horseshoe Saskatchewan Inc. received \$18,700 (2011 - \$31,984) from the Saskatchewan Lotteries Trust Fund for expenses which will occur in the following fiscal year.

4. ECONOMIC DEPENDENCE

Horseshoe Saskatchewan 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.

5. FUTURE ACCOUNTING POLICY CHANGES

The Accounting Standards Board has approved a new framework that is based on existing Canadian generally accepted accounting principles ("GAAP") and incorporates the 4400 series of standards which relate to situations unique to the not-for-profit sector. The new standards became available December 1, 2010 as Part III of the CICA Handbook - Accounting and are effective January 1, 2012. Early adoption is permitted. Also, the not-for-profit organizations were given the option of adopting International Financial Reporting Standards, an alternative that may be attractive to some organizations depending on their individual circumstances. The new reporting options were created to recognize the diverse nature of the organizations and will provide useful financial statements for the members, boards, contributors, lenders, clients and other users of their financial statements.

The Organization is currently evaluating the impact of the adoption of these new standards on its financial statements.

The accompanying notes are an integral part of these financial statements.

HORSESHOE SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT APRIL 30, 2012

6. CAPITAL MANAGEMENT:

The Organization's objective when managing capital is to meet its current objectives as set out within its current strategic operating plan within its annual operating budget. This objective has remained unchanged from the prior period.

The Organization's capital consists of net assets plus deferred capital contributions.

Under the terms of certain of the Organization's funding agreements, the Organization must satisfy certain financial reporting covenant criteria. During the period, the Organization was, and continues to be, in compliance with all conditions imposed by its funding agreements.

The Organization manages its capital and makes adjustments in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital of the Organization it may revise the amount of funding provided for projects, change the scope of programs delivered, seek to obtain efficiencies and cost reductions, or adjust spending.

There are no other restrictions on the Organization's capital except as otherwise disclosed in these financial statements.

Marketing	2,116	1,193
Planning/Policy	171	400
Recognitions and awards	0	36
Conferences	500	600
Workshops and seminars	1,004	506
Workshops and seminars	<u>2,192</u>	<u>2,128</u>
	<u>\$ 2,483</u>	<u>\$ 3,263</u>
Participation		
Coaching development	2,197	2,376
Competitions	4,499	4,533
Intro/participation programs	1,500	1,400
Officials development	800	1,400
Target groups	<u>2,750</u>	<u>0</u>
	<u>\$ 13,746</u>	<u>\$ 11,709</u>
Excellence		
Athletic assistance programs	1,300	1,200
Coaching development	1,400	1,610
Competition	14,360	15,212
Officials development	1,800	1,734
Talent identification	<u>1,200</u>	<u>1,200</u>
	<u>\$ 20,060</u>	<u>\$ 32,966</u>

The accompanying notes are an integral part of these financial statements.

HORSESHOE SASKATCHEWAN INC.
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED APRIL 30, 2012

Schedule 1

	<u>2012</u>	<u>2011</u>
Administration		
Audit and accounting services	\$ 2,140	\$ 2,098
Insurance	842	843
Office rent	1,000	0
Office supplies	334	460
Other administration	7,009	5,232
Subcontract	<u>1,600</u>	<u>1,200</u>
	<u>\$ 12,925</u>	<u>\$ 9,833</u>
Capacity/Interaction		
Marketing	\$ 2,336	\$ 1,133
National dues/affiliations	610	0
Newsletters	525	502
Planning/Policy	171	400
Recognitions and awards	0	36
Conferences	500	600
Workshops and seminars	1,004	506
Workshops and seminars	<u>2,342</u>	<u>2,128</u>
	<u>\$ 7,488</u>	<u>\$ 5,305</u>
Participation		
Coaching development	2,197	2,276
Competitions	6,399	6,553
Intro/participation programs	3,600	3,600
Officials development	800	1,400
Target groups	<u>2,750</u>	<u>0</u>
	<u>\$ 15,746</u>	<u>\$ 13,829</u>
Excellence		
Athletic assistance program	\$ 1,300	\$ 1,200
Coaching development	1,400	1,610
Competition	14,361	15,222
Officials development	1,050	1,735
Talent identification	<u>1,500</u>	<u>1,200</u>
	<u>\$ 19,611</u>	<u>\$ 20,967</u>

The accompanying notes are an integral part of these financial statements.

HORSESHOE SASKATCHEWAN INC.
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED APRIL 30, 2012

	<u>2012</u>	<u>2011</u>
Membership assistance		
Caronport Horseshoe Club	\$ 714	\$ 887
Manitou Beach Horseshoe Club	449	434
North Battleford Horseshoe Club	1,358	1,597
Paddockwood Horseshoe Club	1,280	1,947
Prince Albert Horseshoe Club	1,862	1,791
Regina Horseshoe Club	657	769
Saskatoon Horseshoe Club	2,551	2,318
Speedy Creek Club	1,396	958
Whitewood Horseshoe Club	1,579	1,928
Yorkton Horseshoe Club	<u>1,993</u>	<u>2,161</u>
	<u>\$ 13,839</u>	<u>\$ 14,790</u>

The accompanying notes are an integral part of these financial statements.