

**TWIGG & COMPANY**  
CHARTERED PROFESSIONAL ACCOUNTANTS

L.D. SAFINUK B. Comm., CPA, CA  
M. LINGARD B. Comm., MPAcc., CPA, CA

650 REGENCY CENTRE  
333 25th STREET EAST  
SASKATOON, SK S7K 0L4  
TELEPHONE (306) 244-0808  
FACSIMILE (306) 244-0004  
[www.twiggandcompany.com](http://www.twiggandcompany.com)

SASKATCHEWAN 4-H COUNCIL INC.

AUDITED FINANCIAL STATEMENTS

for the year ended December 31, 2017

L.D. SAFINUK B. Comm., CPA, CA  
M. LINGARD B. Comm., MPAcc., CPA, CA

650 REGENCY CENTRE  
333 25th STREET EAST  
SASKATOON, SK S7K 0L4

TELEPHONE (306) 244-0808

FACSIMILE (306) 244-0004

[www.twiggandcompany.com](http://www.twiggandcompany.com)

## Independent Auditors' Report

To the Members of Saskatchewan 4-H Council Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Saskatchewan 4-H Council Inc., which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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 misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Saskatchewan 4-H Council Inc. as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan  
March 13, 2018

*Twigg & Company*  
Chartered Professional Accountants

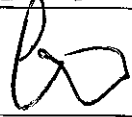
SASKATCHEWAN 4-H COUNCIL LTD.

STATEMENT OF FINANCIAL POSITION  
as at December 31, 2017

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
<b>CURRENT:</b>		
Cash	\$ 620,892	\$ 706,441
Short-term investments (Note 3)	101,582	201,627
Accounts receivable	21,411	8,817
Grants receivable (Note 4)	13,705	13,193
Inventory (Note 5)	98,887	99,366
Prepaid expenses	9,963	9,113
Due from related party (Note 6)	<u>65,630</u>	<u>49,352</u>
	932,070	1,087,909
LONG-TERM INVESTMENTS (Note 3)	200,473	-
CAPITAL ASSETS (Note 7)	<u>16,253</u>	<u>12,415</u>
	<u>\$ 1,148,796</u>	<u>\$ 1,100,324</u>
<u>LIABILITIES</u>		
<b>CURRENT:</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 81,949	\$ 61,382
Deferred revenue (Note 9)	187,359	185,612
Deferred contributions (Note 10)	<u>96,830</u>	<u>97,348</u>
	<u>366,138</u>	<u>344,342</u>
<u>NET ASSETS</u>		
UNRESTRICTED NET ASSETS	376,372	651,751
INTERNALLY RESTRICTED NET ASSETS (Note 12)	<u>406,286</u>	<u>104,231</u>
	<u>782,658</u>	<u>755,982</u>
	<u>\$ 1,148,796</u>	<u>\$ 1,100,324</u>

APPROVED BY THE BOARD

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

SASKATCHEWAN 4-H COUNCIL LTD.

**STATEMENT OF OPERATIONS**  
**for the year ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>REVENUE (Schedule 1)</b>		
Provincial programs	\$ 62,324	\$ 29,170
Government funding	390,301	388,914
Membership dues and registration fees	281,466	274,714
Saskatchewan 4-H Foundation (Note 6)	147,276	131,843
Scholarships and awards	93,057	69,687
Provincial lottery	63,223	30,084
Promotional sales	41,087	22,768
Saskatchewan Lotteries	41,018	31,691
Other	<u>3,071</u>	<u>4,593</u>
	<u>1,122,823</u>	<u>983,464</u>
<b>EXPENSES (Schedule 2)</b>		
Administrative	505,577	443,496
Provincial, regional, district and club level	354,809	274,869
Supplies	27,512	31,569
Development and marketing	100,128	63,756
Board and Council business	97,287	94,423
Amortization of capital assets	<u>10,834</u>	<u>6,475</u>
	<u>1,096,147</u>	<u>914,588</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ <u>26,676</u></b>	<b>\$ <u>68,876</u></b>

SASKATCHEWAN 4-H COUNCIL LTD.

STATEMENT OF CHANGES IN NET ASSETS  
for the year ended December 31, 2017

	Internally restricted	Unrestricted	2017	2016
Balance, beginning of year	\$ 104,231	\$ 651,751	\$ 755,982	\$ 687,106
Excess of revenues over expenses	-	26,676	26,676	68,876
Transfers (Note 12)	302,055	(302,055)	-	-
Balance, end of year	\$ 406,286	\$ 376,372	\$ 782,658	\$ 755,982

SASKATCHEWAN 4-H COUNCIL LTD.

STATEMENT OF CASH FLOWS  
for the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
<b>OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses	\$ 26,676	\$ 68,876
Changes to income not involving cash:		
Amortization	<u>10,834</u>	<u>6,475</u>
	<u>37,510</u>	<u>75,351</u>
Change in non-cash working capital balances related to operations:		
Accounts receivable	( 12,594)	2,023
Grants receivable	( 512)	26,168
Inventory	479	( 2,128)
Prepaid expenses	( 850)	1,154
Accounts payable and accrued liabilities	20,567	( 98)
Due to related party	( 16,278)	( 2,514)
Deferred revenue	1,747	( 5,973)
Deferred contributions	<u>( 518)</u>	<u>476</u>
	<u>( 7,959)</u>	<u>19,108</u>
Total from operating activities	<u>29,551</u>	<u>94,459</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of investments	( 100,428)	( 99,736)
Purchase of capital assets	<u>( 14,672)</u>	<u>( 8,187)</u>
Total from investing activities	<u>( 115,100)</u>	<u>( 107,923)</u>
<b>DECREASE IN CASH AND EQUIVALENTS FOR THE YEAR</b>	<u>( 85,549)</u>	<u>( 13,464)</u>
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>706,441</u>	<u>719,905</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	\$ <u>620,892</u>	\$ <u>706,441</u>
<b>CASH AND EQUIVALENTS CONSIST OF:</b>		
Cash	\$ <u>620,892</u>	\$ <u>706,441</u>
	\$ <u>620,892</u>	\$ <u>706,441</u>

**SASKATCHEWAN 4-H COUNCIL LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended December 31, 2017**

**1. THE ORGANIZATION**

The Saskatchewan 4-H Council Inc. ("the Council") was incorporated under the laws of the Province of Saskatchewan on March 6, 1979. Its main activity is to provide programs and services to 4-H members and leaders at the club, district, regional and provincial levels. The Council is a project-based youth organization devoted to strengthening the skills of responsible citizens. The Council focuses on the growth and development of its members, leaders, volunteers, and staff through its motto: "Learn to do by doing". The Council is registered provincially with the Corporations Branch as an incorporated not-for-profit-organization

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

**(a) Revenue recognition**

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are included in deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized in the year they are earned provided the amount to be received can be reasonably estimated and collection is reasonably assured.

The Council's membership year runs from September through August. Membership and club fees reported for the year ended December 31, 2017 are consequently comprised of both fees received for the 2016-2017 membership year (67%) and fees received for the 2017-2018 membership year (33%).

**(b) Inventory**

The inventory of store items and cookbooks is recorded at the lower of cost and net realizable value. Club manuals and promotional inventory is recorded at the lower of cost and current replacement cost.

SASKATCHEWAN 4-H COUNCIL LTD.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments

The Council initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets subsequently measured at amortized cost include cash, accounts receivable, and grants receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and deferred contributions and revenue. The fair value of the cash, accounts receivable, grant receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term nature.

(d) Short-term investments

Short-term investments are classified as available-for-sale and are recorded at market value.

(e) Cash and cash equivalents -

Cash and cash equivalents consist of balances with banks and short-term investments with maturities of three months or less.

(f) Contributions in-kind

Contributions in-kind are recorded at fair value for goods or services used in the normal course of operations that would otherwise have been purchased.

(g) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, any disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue 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.

Significant estimates include, but are not limited to, the valuation of inventory, the valuation of deferred contributions and revenue, and accruals for certain revenues and expenses.



SASKATCHEWAN 4-H COUNCIL LTD.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income taxes

The Council qualifies as a tax exempt organization under section 149 of the Income Tax Act.

(i) Allocated expenditures

The Council allocates its salary expense between administrative expenditures and provincial, regional, district and club level expenditures. Salaries paid to the provincial office staff are allocated to the administrative expenditures and salaries paid to the regional specialists are allocated to the provincial, regional, district and club level expenditures.

(j) Capital assets

Capital assets are initially recorded at cost. Amortization is provided at rates intended to amortize the cost over their estimated useful lives as follows:

Office furniture and equipment	5 years straight-line basis
Computer equipment and software	3 years straight-line basis
Marketing tools	5 years straight-line basis

3. INVESTMENTS

	2017	2016
Guaranteed investment certificate bearing interest at 1.60%, maturing April 5, 2017	-	100,481
Guaranteed investment certificate bearing interest at 1.05%, maturing November 29, 2017	-	101,146
Guaranteed investment certificate bearing interest at 1.76%, maturing December 11, 2018	101,582	-
<b>Total Short-term investments</b>	<b>\$ 101,582</b>	<b>\$ 201,627</b>

	2017	2016
Guaranteed investment certificate bearing interest at .90%, maturing June 22, 2022	100,473	-
Guaranteed investment certificate bearing interest at 2.51%, maturing December 11, 2019	100,000	-
<b>Total Long-term investments</b>	<b>\$ 200,473</b>	<b>\$ -</b>

**SASKATCHEWAN 4-H COUNCIL LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended December 31, 2017**

**4. GRANTS RECEIVABLE**

The grants receivable balance is composed of the following:

	2017	2016
Canadian 4-H Council (AAFC)	\$ 9,330	\$ 9,318
Canadian 4-H Council (FCC)	1,875	1,875
Canadian 4-H Council (Other)	2,500	2,000
	<b>\$ 13,705</b>	<b>\$ 13,193</b>

**5. INVENTORY**

Inventory consists of the following:

	2017	2016
Club manuals (lower of cost and replacement cost)	\$ 51,071	\$ 50,335
Promotional materials (lower of cost and replacement cost)	6,613	2,247
Store items (at lower of cost and net realizable value)	38,785	43,945
Cookbooks (at lower of cost and net realizable value)	2,418	2,839
	<b>\$ 98,887</b>	<b>\$ 99,366</b>

**6. RELATED PARTY TRANSACTIONS**

The Council has the following related parties:

**Canadian 4-H Council**

The purpose of the Canadian 4-H Council is to promote the 4-H program on a national level by supporting the provincial councils. In 2017, the Saskatchewan 4-H Council Inc. recorded funding of \$66,568 (2016 - \$67,608) from the Canadian 4-H Council.

The Saskatchewan 4-H Council paid its provincial insurance and fees and its board of directors liability insurance through the Canadian 4-H Council. In 2017, the total insurance and fees paid through the Canadian 4-H Council were \$11,103 (2016 - \$11,341). A national membership fee of \$7,566 (2016 - \$10,041) was also paid to the Canadian 4-H Council.

**Saskatchewan 4-H Foundation**

The purpose of the Saskatchewan 4-H Foundation is to promote the 4-H program. In 2017, the Saskatchewan 4-H Council recorded funding of \$147,276 (2016 - \$131,843) from the Foundation.

**Various 4-H Clubs**

The purpose of the various 4-H clubs is to promote, support and facilitate the activities of 4-H members. The Saskatchewan 4-H Council provides administrative support to the clubs as well as other activity resources. In 2017, the Saskatchewan 4-H Council Inc. recorded membership dues, registration and club fees from the clubs in the amount of \$281,466 (2016 - \$274,714).

SASKATCHEWAN 4-H COUNCIL LTD.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2017

7. CAPITAL ASSETS

Capital assets consist of the following:

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	\$ 23,909	\$ 16,367	\$ 7,542	\$ 4,826
Office furniture and equipment	2,952	590	2,362	-
Marketing tools	11,372	5,023	6,349	7,589
	<u>\$ 38,233</u>	<u>\$ 21,980</u>	<u>\$ 16,253</u>	<u>\$ 12,415</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities balance is composed of the following:

	2017	2016
Trade payables	\$ 18,775	\$ 5,732
Scholarships payable	4,500	1,250
Vacation payable	23,636	18,834
Wages payable	15,358	17,981
GST payable	8,025	9,335
Accrued liabilities	11,655	8,250
	<u>\$ 81,949</u>	<u>\$ 61,382</u>

9. DEFERRED REVENUE

The deferred revenue balance is composed of the following:

	2017	2016
Membership fees (January – August 2018)	\$ 164,286	\$ 166,114
Annual general meeting fees	14,611	14,998
Scholarship	8,462	4,500
	<u>\$ 187,359</u>	<u>\$ 185,612</u>

SASKATCHEWAN 4-H COUNCIL LTD.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended December 31, 2017

10. DEFERRED CONTRIBUTIONS

The deferred contributions balance represents restricted funding received in the current period that is related to expenses to be incurred in the subsequent period.

The Council receives funding from the Saskatchewan Ministry of Agriculture to be held, administered and distributed in accordance with the related funding agreement. The Saskatchewan Ministry of Agriculture program provides funding to develop youth leadership capacity and advance awareness of agriculture. The funding agreement covers the period of April 1, 2015 to March 31, 2018.

The Council receives funding from the Canadian 4-H Council to be held, administered and distributed in accordance with the related funding agreement. The Canadian 4-H Council provides funding to support learning and development activities. The funding agreement covers the period of April 1, 2016 to March 31, 2018.

The deferred contributions balance is composed of the following:

	2017	2016
<b>Deferred contributions, beginning of year</b>	<b>\$ 97,348</b>	<b>\$ 96,872</b>
<i>Contributions received during the year:</i>		
Saskatchewan Ministry of Agriculture	87,500	87,500
Canadian 4-H Council	9,330	9,848
<i>Less:</i>		
Amounts recognized as government funding revenue	( 97,348)	( 96,872)
<b>Deferred contributions, end of year</b>	<b>\$ 96,830</b>	<b>\$ 97,348</b>

11. FINANCIAL INSTRUMENTS

The Council is exposed to various risks through its financial instruments.

**Credit Risk**

The Council's exposure to credit risk relates principally to its cash balances and accounts receivable. The Council maintains cash balances with reputable major financial institutions. The accounts receivable are due from a diverse group of individuals, 4-H clubs, other not-for-profit organizations, and government agencies. Management typically requires individuals to pay immediately and amounts due from other 4-H clubs are not significant in amount. Receivables from other not-for-profit organizations and from government agencies usually consist of funding grants for which there are signed agreements. Management establishes allowances for doubtful accounts when the amounts deemed to be uncollectible. Accordingly, the Council is not exposed to significant credit risk.

**SASKATCHEWAN 4-H COUNCIL LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended December 31, 2017**

**11. FINANCIAL INSTRUMENTS (continued)**

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Council is exposed to interest rate risk on its investments.

**Liquidity risk**

Liquidity risk is that the Council will encounter difficulty in meeting obligations associated with financial liabilities. The Council enters into transactions to purchase goods and services on credit and lease office equipment from creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Council's future net cash flows for the possibility of a negative net cash flow. The Council manages liquidity risk resulting from accounts payable and accrued liabilities by investing in liquid assets such as cash and short-term investments which can be readily available to repay accounts payable and accrued liabilities.

**12. INTERNALLY RESTRICTED NET ASSETS**

In the current year the Board transferred \$302,055 (2016 - \$Nil) to the internally restricted net assets.

**SASKATCHEWAN 4-H COUNCIL LTD.**

**SCHEDULE OF REVENUE – Schedule 1  
for the year ended December 31, 2017**

	2017	2016
<i>Provincial programs</i>		
Regional program revenue	\$ 12,994	\$ 14,668
Provincial program revenue	49,330	14,502
	62,324	29,170
<i>Government funding</i>		
Saskatchewan Ministry of Agriculture	350,000	350,000
Agriculture Canada	40,301	38,914
	390,301	388,914
<i>Membership dues and registration fees</i>		
Membership dues	252,922	250,316
Annual meeting registration	12,350	12,350
Annual meeting visitors' fees	16,194	11,948
Annual meeting revenue	-	100
	281,466	274,714
<i>Saskatchewan 4-H Foundation</i>		
Saskatchewan 4-H Foundation campaign	54,068	49,352
Saskatchewan 4-H Foundation grant	93,208	82,491
	147,276	131,843
<i>Scholarship and awards</i>		
Corporate sponsorships	50,384	47,437
Other grants	27,173	9,750
Scholarship funding	15,500	12,500
	93,057	69,687
<i>Provincial lottery</i>		
2015/2016 lottery	-	30,084
2016/2017 lottery	63,223	-
	63,223	30,084
<i>Promotional sales</i>		
Promotional sales	41,087	22,768
	41,087	22,768
<i>Saskatchewan Lotteries</i>		
Grant – annual funding provincial associations	25,810	25,059
Grant – Charitable Gaming Grant	15,208	6,632
	41,018	31,691
<i>Other</i>		
Investment income	1,349	2,338
Miscellaneous income	1,722	1,880
Advertising	-	375
	3,071	4,593
<b>Total Revenue</b>	<b>\$ 1,122,823</b>	<b>\$ 983,464</b>

SASKATCHEWAN 4-H COUNCIL LTD.

SCHEDULE OF EXPENDITURES – Schedule 2  
for the year ended December 31, 2017

	2017	2016
<i>Administrative</i>		
Salaries	\$ 334,151	\$ 309,422
Website/computer support	20,501	15,094
Professional fees	14,430	11,025
Group insurance	28,730	22,048
Registered retirement savings plan	18,107	12,522
Service charges	6,933	5,262
Stationery	8,451	6,319
Postage	25,639	22,055
Staff meetings	4,441	4,315
Staff/volunteer recognition	3,291	2,288
Salaries – casual	268	-
Bus/courier	646	936
Travel and sustenance	5,785	4,890
Computer/software purchases	4,477	4,151
Office equipment	710	619
Storage expense	1,079	1,684
Telephone and fax	10,111	10,208
Cellular phones	3,327	3,198
Photocopying	6,980	4,964
Staff training	5,752	2,325
Bad debts	-	171
Miscellaneous	1,768	-
	505,577	443,496
<i>Provincial, regional, district and club level</i>		
Salaries	189,326	162,175
Programming	121,975	80,810
Mileage	13,592	12,255
Leader resources and support	6,927	1,498
Scholarship funding	15,500	12,500
Meals and accommodations	7,489	5,631
	354,809	274,869
<i>Supplies</i>		
Club supplies	1,474	6,260
Club manuals	26,558	25,163
Inventory adjustment	( 520)	146
	27,512	31,569

SASKATCHEWAN 4-H COUNCIL LTD.

SCHEDULE OF EXPENDITURES – Schedule 2 (continued)  
for the year ended December 31, 2017

	2017	2016
<i>Development and marketing</i>		
Marketing and public relations	37,863	31,086
Club share of lottery	33,780	13,775
Promotional expenses	26,965	15,479
Lottery expense	1,520	3,416
	100,128	63,756
<i>Board and Council business</i>		
Annual meeting	52,158	42,876
Insurance and fees	9,460	9,674
Board meetings	18,209	19,078
Board training	863	1,164
Canadian 4-H Council membership	11,375	14,967
Board of directors liability insurance	1,678	1,678
Memberships in other organizations	709	1,290
Committee expenses	2,835	3,696
	97,287	94,423
<i>Amortization of capital assets</i>		
Amortization expense	10,834	6,475
<b>Total Expenses</b>	<b>\$ 1,096,147</b>	<b>\$ 914,588</b>