

TWIGG & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANTS

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SASKATCHEWAN 4-H COUNCIL INC.

Financial Statements

For the Year Ended December 31, 2019

TWIGG & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Members of Saskatchewan 4-H Council Inc.

Opinion

We have audited the financial statements of Saskatchewan 4-H Council Inc. (the Council), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2019, 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 (ASNPO).

Basis for Opinion

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 the Council in accordance with 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.

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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Members of Saskatchewan 4-H Council Inc. (continued)

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities 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 Council'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 Council'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 Council 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.

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Independent Auditor's Report to the Members of Saskatchewan 4-H Council Inc. (continued)

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
February 25, 2020



Chartered Professional Accountants

SASKATCHEWAN 4-H COUNCIL INC.

Statement of Financial Position

As at December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 356,850	\$ 412,865
Short-term investments (Note 3)	110,592	153,274
Accounts receivable	19,633	9,179
Grants receivable (Note 4)	91,820	102,861
Inventory (Note 5)	78,610	95,587
Prepaid expenses	18,634	9,933
Due from related party (Note 6)	61,010	49,400
	737,149	833,099
LONG-TERM INVESTMENTS (Note 3)	205,288	154,178
TANGIBLE CAPITAL ASSETS (Note 7)	6,625	14,807
	\$ 949,062	\$ 1,002,084
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 76,470	\$ 67,752
Deferred revenue (Note 9)	200,951	196,891
	277,421	264,643
NET ASSETS		
UNRESTRICTED	251,530	325,758
INTERNALLY RESTRICTED (Note 11)	420,111	411,683
	671,641	737,441
	\$ 949,062	\$ 1,002,084

APPROVED BY THE BOARD

_____ Director

_____ Director

SASKATCHEWAN 4-H COUNCIL INC.
Statement of Revenues and Expenditures
For the Year Ended December 31, 2019

	2019	2018
REVENUE (Schedule 1)		
Government funding	\$ 319,353	\$ 333,189
Membership dues and registration fees	299,661	292,777
Saskatchewan 4-H Foundation (Note 6)	131,507	103,888
Scholarship and awards	158,099	72,471
In-kind donations	53,000	60,891
Provincial programs	46,196	46,714
Provincial lottery	65,790	37,000
Promotional sales	26,319	29,896
Saskatchewan Lotteries Trust Fund	27,383	26,585
Other	12,041	9,475
	1,139,349	1,012,886
EXPENSES (Schedule 2)		
Administrative	531,153	455,967
Provincial, regional, district and club level	407,597	363,182
Board and Council business	128,468	104,055
Development and marketing	93,393	90,165
Supplies	34,940	35,188
Amortization of capital assets	9,598	9,545
	1,205,149	1,058,102
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (65,800)	\$ (45,216)

SASKATCHEWAN 4-H COUNCIL INC.

Statement of Changes in Net Assets

For the Year Ended December 31, 2019

	Unrestricted	Internally Restricted	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 325,758	\$ 411,683	\$ 737,441	\$ 782,657
Deficiency of revenue over expenses for the year	(65,800)	-	(65,800)	(45,216)
Transfers (Note 11)	(8,428)	8,428	-	-
NET ASSETS - END OF YEAR	\$ 251,530	\$ 420,111	\$ 671,641	\$ 737,441

SASKATCHEWAN 4-H COUNCIL INC.

Statement of Cash Flows

For the Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (65,800)	\$ (45,216)
Item not affecting cash:		
Amortization of tangible capital assets	9,598	9,545
	(56,202)	(35,671)
Changes in non-cash working capital:		
Accounts receivable	(10,454)	12,232
Grants receivable	11,041	(89,156)
Inventory	16,977	3,300
Prepaid expenses	(8,701)	30
Due from related party	(11,610)	16,230
Accounts payable and accrued liabilities	8,717	(14,198)
Deferred revenue	4,060	9,532
Deferred contributions	-	(96,830)
	10,030	(158,860)
Cash flow used by operating activities	(46,172)	(194,531)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,415)	(8,099)
Purchase of investments	(8,428)	(5,397)
Cash flow used by investing activities	(9,843)	(13,496)
DECREASE IN CASH FLOW	(56,015)	(208,027)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	412,865	620,892
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 356,850	\$ 412,865
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 356,850	\$ 412,865

SASKATCHEWAN 4-H COUNCIL INC.

Notes to the Financial Statements

For the Year Ended December 31, 2019

1. THE ORGANIZATION

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:

Revenue recognition

Saskatchewan 4-H Council Inc. 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, 2019 are consequently comprised of both fees received for the 2018-2019 membership year (67%) and fees received for the 2019-2020 membership year (33%).

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.

(continues)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

Short-term investments

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

Cash and cash equivalents

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

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. During the year the Council received in-kind contributions of facilities valued at \$53,000 (2018 - \$53,000) and supplies valued at \$NIL (2018 - \$7,891).

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 useful lives of tangible capital assets, the valuation of deferred contributions and revenue, and accruals for certain revenues and expenses.

Income taxes

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

(continues)

SASKATCHEWAN 4-H COUNCIL INC.

Notes to the Financial Statements

For the Year Ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Tangible capital assets

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

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

SASKATCHEWAN 4-H COUNCIL INC.

Notes to the Financial Statements

For the Year Ended December 31, 2019

3. INVESTMENTS

	2019	2018
Guaranteed investment certificate bearing interest at 3.12%, maturing December 18, 2020	\$ 53,342	\$ -
Guaranteed investment certificate bearing interest at 2.85%, maturing June 29, 2020	52,167	-
Guaranteed investment certificate bearing interest at 2.12%, maturing June 15, 2020	5,083	-
Guaranteed investment certificate bearing interest at 2.51%, maturing December 11, 2019	-	102,649
Guaranteed investment certificate bearing interest at 2.50%, maturing June 28, 2019	-	50,625
Total short-term investments	110,592	153,274
Guaranteed investment certificate bearing interest at 3.20%, maturing December 20, 2021	53,384	-
Guaranteed investment certificate bearing interest at 2.20%, maturing July 5, 2021	51,806	-
Guaranteed investment certificate bearing interest at 2.42%, maturing December 18, 2023	50,049	-
Guaranteed investment certificate bearing interest at 2.41%, maturing December 16, 2022	50,049	-
Guaranteed investment certificate bearing interest at 3.20%, maturing December 20, 2021	-	51,729
Guaranteed investment certificate bearing interest at 3.12%, maturing December 18, 2020	-	51,728
Guaranteed investment certificate bearing interest at 2.85%, maturing June 29, 2020	-	50,721
Total long-term investments	205,288	154,178

4. GRANTS RECEIVABLE

The grants receivable balance is composed of the following:

	2019	2018
Ministry of Agriculture	\$ 75,000	\$ 75,000
Canadian 4-H Council (AAFC)	13,736	11,359
Canadian 4-H Council (National contribution agreements)	3,084	16,502
	\$ 91,820	\$ 102,861

SASKATCHEWAN 4-H COUNCIL INC.

Notes to the Financial Statements

For the Year Ended December 31, 2019

5. INVENTORY

Inventory consists of the following:

	2019	2018
Club manuals	\$ 39,370	\$ 45,254
Cookbooks	2,627	4,476
Store items	30,172	31,869
Promotional materials	2,440	6,719
Recognition items	4,001	-
Donated inventory	-	7,269
	\$ 78,610	\$ 95,587

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 2019, the Saskatchewan 4-H Council Inc. recorded funding of \$34,105 (2018 - \$36,663) 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 2019, the total insurance and fees paid through the Canadian 4-H Council were \$27,624 (2018 - \$12,151). A national membership fee of \$10,393 (2018 - \$10,712) 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 2019, the Saskatchewan 4-H Council recorded funding of \$131,507 (2018 - \$103,888) 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 2019, the Saskatchewan 4-H Council Inc. recorded membership dues, registration and club fees from the clubs in the amount of \$299,661 (2018 - \$292,777).

SASKATCHEWAN 4-H COUNCIL INC.

Notes to the Financial Statements

For the Year Ended December 31, 2019

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Office furniture and equipment	\$ 2,952	\$ 1,771	\$ 1,181	\$ 1,771
Computer equipment and software	33,423	29,780	3,643	8,961
Marketing tools	11,372	9,571	1,801	4,075
	\$ 47,747	\$ 41,122	\$ 6,625	\$ 14,807

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2019	2018
Accrued liabilities	\$ 11,655	\$ 11,655
GST payable	9,147	9,933
Trade payables	16,311	7,820
Vacation payable	20,077	23,934
Wages payable	19,280	14,410
	\$ 76,470	\$ 67,752

9. DEFERRED REVENUE

The deferred revenue balance is composed of the following:

	2019	2018
Annual general meeting fees	\$ 14,708	\$ 14,448
Gift certificates	300	300
Membership fees (January - August 2020)	171,943	173,143
Scholarship	14,000	9,000
	\$ 200,951	\$ 196,891

SASKATCHEWAN 4-H COUNCIL INC.

Notes to the Financial Statements

For the Year Ended December 31, 2019

10. 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.

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.

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.

11. INTERNALLY RESTRICTED NET ASSETS

In the current year the Board transferred \$8,428 (2018 - \$5,397) to internally restricted net assets.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

SASKATCHEWAN 4-H COUNCIL INC.

Schedule of Revenue
(Schedule 1)

For the Year Ended December 31, 2019

	2019	2018
Government funding		
Saskatchewan Ministry of Agriculture	\$ 305,000	\$ 312,500
Agriculture Canada	14,353	20,689
	319,353	333,189
Membership dues and registration fees		
Membership dues	264,460	259,665
Annual meeting registration	13,928	13,571
Annual meeting visitors' fees	20,282	18,874
Annual meeting revenue	991	667
	299,661	292,777
Saskatchewan 4-H Foundation		
Saskatchewan 4-H Foundation campaign	55,010	49,400
Saskatchewan 4-H Foundation grant	76,497	54,488
	131,507	103,888
Scholarship and awards		
Corporate sponsorships	99,334	39,542
Other grants	33,765	15,879
Scholarship funding	25,000	17,050
	158,099	72,471
In-kind donations		
In-kind donations	53,000	60,891
	53,000	60,891
Provincial programs		
Provincial program revenue	38,239	35,388
Regional program revenue	7,957	11,326
	46,196	46,714
Provincial lottery		
Provincial lottery	65,790	37,000
	65,790	37,000
Promotional sales		
Promotional sales	26,319	29,896
	26,319	29,896
Saskatchewan Lotteries Trust Fund		
Grant - annual funding provincial associations	27,383	26,585
	27,383	26,585
Other		
Investment income	10,964	9,170
Miscellaneous income	1,077	305
	12,041	9,475
Total Revenue	\$ 1,139,349	\$ 1,012,886

SASKATCHEWAN 4-H COUNCIL INC.

Schedule of Expenditures
(Schedule 2)

For the Year Ended December 31, 2019

	2019	2018
Administrative		
Salaries	\$ 341,725	\$ 294,996
Service charges	7,569	6,921
Professional fees	25,809	12,403
Staff meetings	3,785	3,957
Salaries - casual	11,243	473
Travel and sustenance	7,109	5,282
Storage expense	1,020	1,020
Telephone and fax	9,489	9,309
Cellular phones	3,255	3,507
Registered retirement savings plan	17,064	17,179
Group insurance	29,103	26,605
Stationery	7,172	6,061
Photocopying	6,470	6,950
Postage	21,353	18,912
Office equipemnt	1,010	2,320
Bus/courier	253	329
Website/computer support	18,452	27,870
Computer/software purchases	4,393	3,700
Staff/volunteer recognition	3,234	4,454
Staff training	10,892	3,586
Miscellaneous	753	133
	531,153	455,967
Provincial, regional, district and club level		
Salaries	195,346	189,832
Programming	96,422	78,943
Meals and accommodations	9,693	6,523
Mileage	19,715	16,511
Leader resources and support	1,152	701
Scholarship funding	25,000	17,050
Donations-in-kind	60,269	53,622
	407,597	363,182
Supplies		
Inventory adjustment	5,604	6,857
Club manuals	22,842	26,642
Club supplies	1,594	1,689
Project and resource	4,900	-
	34,940	35,188

(continues)

SASKATCHEWAN 4-H COUNCIL INC.

Schedule of Expenditures (continued)
(Schedule 2)

For the Year Ended December 31, 2019

	2019	2018
(continued)		
Development and marketing		
Promotional expenses	17,530	19,978
Lottery expense	19,096	2,207
Club share of lottery	25,198	19,320
Marketing and public relations	31,569	48,660
	93,393	90,165
Board and Council business		
Insurance and fees	27,639	10,513
Committee expenses	3,302	3,784
Canadian 4-H Council membership	11,144	11,467
Board training	699	1,342
Board meetings	24,343	17,826
Annual meeting	58,653	56,384
Board of Directors liability insurance	1,601	1,510
Memberships in other organizations	1,087	1,229
	128,468	104,055
Amortization of capital assets		
Amortization of capital assets	9,598	9,545
	9,598	9,545
Total Expenses	\$ 1,205,149	\$ 1,058,102