

SASKATCHEWAN 4-H COUNCIL INC.

Financial Statements

For the Year Ended December 31, 2020

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, 2020, and the statements of operations, 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, 2020, 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.

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.

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:

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

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.

Lingard + Dreger

Chartered Professional Accountants

**Saskatoon, Saskatchewan
March 4, 2021**



SASKATCHEWAN 4-H COUNCIL INC.

Statement of Financial Position

As at December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 673,984	\$ 356,850
Short-term investments (Note 3)	108,046	110,592
Accounts receivable	11,714	19,633
Grants receivable (Note 4)	116,734	91,820
Inventory (Note 5)	76,125	78,610
Prepaid expenses	16,343	18,634
Due from related party (Note 6)	42,361	61,010
	1,045,307	737,149
TANGIBLE CAPITAL ASSETS (Note 7)	1,270	6,625
LONG-TERM INVESTMENTS (Note 3)	102,522	205,288
	\$ 1,149,099	\$ 949,062
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 61,817	\$ 76,470
Deferred revenue (Note 9)	181,957	200,951
Government assistance repayable (Note 10)	19,607	-
	263,381	277,421
NET ASSETS		
UNRESTRICTED	465,607	251,530
INTERNALLY RESTRICTED (Note 12)	420,111	420,111
	885,718	671,641
	\$ 1,149,099	\$ 949,062

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to the financial statements

SASKATCHEWAN 4-H COUNCIL INC.
Statement of Operations
For the Year Ended December 31, 2020

	2020	2019
REVENUE		
Government funding	\$ 310,603	\$ 319,353
Membership dues and registration fees	264,425	299,661
Saskatchewan 4-H Foundation <i>(Note 6)</i>	95,008	131,507
Scholarship and awards	148,601	158,099
In-kind donations	60,500	53,000
Provincial programs	13,554	46,196
Provincial lottery	28,198	65,790
Promotional sales	18,130	26,319
Saskatchewan Lotteries Trust Fund	28,204	27,383
Other	10,603	12,041
Government assistance <i>(Note 10)</i>	224,238	-
	1,202,064	1,139,349
EXPENSES		
Administrative	472,408	531,153
Provincial, regional, district and club level	341,926	407,597
Board and Council business	65,587	128,468
Development and marketing	63,818	93,393
Supplies	38,893	34,940
Amortization of tangible capital assets	5,355	9,598
	987,987	1,205,149
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 214,077	\$ (65,800)

See notes to the financial statements

SASKATCHEWAN 4-H COUNCIL INC.
Statement of Changes in Net Assets
For the Year Ended December 31, 2020

	Unrestricted	Internally Restricted	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 251,530	\$ 420,111	\$ 671,641	\$ 737,441
Excess (deficiency) of revenue over expenses	214,077	-	214,077	(65,800)
Transfers <i>(Note 12)</i>	-	-	-	-
NET ASSETS - END OF YEAR	\$ 465,607	\$ 420,111	\$ 885,718	\$ 671,641

See notes to the financial statements

SASKATCHEWAN 4-H COUNCIL INC.
Statement of Cash Flows
For the Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 214,077	\$ (65,800)
Item not affecting cash:		
Amortization of tangible capital assets	5,355	9,598
	219,432	(56,202)
Changes in non-cash working capital:		
Accounts receivable	7,919	(10,454)
Grants receivable	(24,914)	11,041
Inventory	2,485	16,977
Prepaid expenses	2,291	(8,701)
Accounts payable and accrued liabilities	(14,653)	8,717
Deferred revenue	(18,994)	4,060
Due from related party	18,649	(11,610)
Government assistance repayable	19,607	-
	(7,610)	10,030
Cash flow from (used by) operating activities	211,822	(46,172)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	-	(1,415)
Purchase of investments	-	(8,428)
Disposition of investments	105,312	-
Cash flow from (used by) investing activities	105,312	(9,843)
INCREASE (DECREASE) IN CASH FLOW	317,134	(56,015)
CASH - BEGINNING OF YEAR	356,850	412,865
CASH - END OF YEAR	\$ 673,984	\$ 356,850

See notes to the financial statements

SASKATCHEWAN 4-H COUNCIL INC.
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 2020 are consequently comprised of both fees received for the 2019-2020 membership year (67%) and fees received for the 2020-2021 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.

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.

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SASKATCHEWAN 4-H COUNCIL INC.
Notes to the Financial Statements
For the Year Ended December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (2019 - \$53,000) and professional services valued at \$7,500 (2019 - \$NIL).

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*.

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

3. INVESTMENTS

	Maturity	2020	Yield	2019
Short-term				
Term deposits	< 1 year	\$ 108,046	0.55% - 3.20%	\$ 110,592
Long-term				
Term deposits	1-3 years	102,522	2.41% - 2.42%	205,288
		\$ 210,568		\$ 315,880

SASKATCHEWAN 4-H COUNCIL INC.

Notes to the Financial Statements

For the Year Ended December 31, 2020

4. GRANTS RECEIVABLE

The grants receivable balance is composed of the following:

	2020	2019
Ministry of Agriculture	\$ 75,000	\$ 75,000
Canadian 4-H Council (AAFC)	16,766	13,736
Canadian 4-H Council (National contribution agreements)	16,005	3,084
SLGA - Lottery Grant	5,816	-
Government of Canada (Job Grant)	3,147	-
	\$ 116,734	\$ 91,820

5. INVENTORY

Inventory consists of the following:

	2020	2019
Club manuals	\$ 30,974	\$ 39,370
Cookbooks	1,305	2,627
Promotional materials	3,594	2,440
Recognition items	3,729	4,001
Store items	36,523	30,172
	\$ 76,125	\$ 78,610

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 2020, the Saskatchewan 4-H Council Inc. recorded funding of \$39,779 (2019 - \$34,105) 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 2020, the total insurance and fees paid through the Canadian 4-H Council were \$34,107 (2019 - \$27,624). A national membership fee of \$2,614 (2019 - \$10,393) 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 2020, the Saskatchewan 4-H Council recorded funding of \$95,008 (2019 - \$131,507) 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 2020, the Saskatchewan 4-H Council Inc. recorded membership dues, registration and club fees from the clubs in the amount of \$264,425 (2019 - \$299,661).

SASKATCHEWAN 4-H COUNCIL INC.**Notes to the Financial Statements****For the Year Ended December 31, 2020****7. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Office furniture and equipment	\$ 2,952	\$ 2,361	\$ 591	\$ 1,181
Computer equipment and software	33,423	32,951	472	3,643
Marketing tools	11,372	11,165	207	1,801
	\$ 47,747	\$ 46,477	\$ 1,270	\$ 6,625

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2020	2019
Accrued liabilities	\$ 11,655	\$ 11,655
GST payable	9,417	9,147
Trade payables	14,740	16,307
Vacation payable	20,356	20,077
Wages payable	5,649	19,284
	\$ 61,817	\$ 76,470

9. DEFERRED REVENUE

The deferred revenue balance is composed of the following:

	2020	2019
Annual general meeting fees	\$ 13,928	\$ 14,708
Gift certificates	300	300
Membership fees (January - August 2021)	150,229	171,943
Scholarship	17,500	14,000
	\$ 181,957	\$ 200,951

10. GOVERNMENT ASSISTANCE

During the fiscal year, the Council received the following government subsidies:

Temporary Wage Subsidy (TWSE) totalling \$10,543 was recognized with respect to qualifying wages within the year. At year end \$1,588 was repayable to Revenue Canada as a result of amounts that were over-claimed in error.

Canada Emergency Wage Subsidy (CEWS) totalling \$211,047 was recognized with respect to qualifying wages within the year. At year end \$18,019 was repayable to Revenue Canada as a result of amounts that were over-claimed in error.

Saskatchewan Small Business Emergency Payment Program subsidy in the amount of \$2,648. This subsidy has been recognized as revenue in the current year and is not expected to be repaid.

SASKATCHEWAN 4-H COUNCIL INC.
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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.

12. INTERNALLY RESTRICTED NET ASSETS

In the current year the Board transferred \$NIL (2019 - \$8,428) to internally restricted net assets.

13. COVID-19

On March 11, 2020 COVID-19 was declared a pandemic by the World Health Organization. This has resulted in significant economic uncertainty and financial markets have experienced considerable volatility in response to the development of COVID-19 pandemic. The operations of the Council have been markedly impacted by the pandemic due to the constraints of social distancing and limitations placed on social gatherings. The situation is dynamic, and the ultimate duration and magnitude of the potential impact future results is currently undeterminable.

SASKATCHEWAN 4-H COUNCIL INC.
Schedule of Revenue
For the Year Ended December 31, 2020

(Schedule 1)

	2020	2019
Government funding		
Government funding	\$ 300,000	\$ 305,000
Agriculture Canada	10,603	14,353
	310,603	319,353
Membership dues and registration fees		
Membership dues and registration fees	250,497	264,460
Annual meeting registration	13,928	13,928
Annual meeting visitors' fees	-	20,282
Annual meeting revenue	-	991
	264,425	299,661
Saskatchewan 4-H Foundation		
Saskatchewan 4-H Foundation campaign	42,360	55,010
Saskatchewan 4-H Foundation grant	52,648	76,497
	95,008	131,507
Scholarship and awards		
Corporate sponsorships	102,027	99,334
Other grants	12,074	33,765
Scholarship funding	34,500	25,000
	148,601	158,099
In-kind donations		
In-kind donations	60,500	53,000
	60,500	53,000
Provincial programs		
Provincial program revenue	1,332	38,239
Regional program revenue	12,222	7,957
	13,554	46,196
Provincial lottery		
Provincial lottery	28,198	65,790
	28,198	65,790
Promotional sales		
Promotional sales	18,130	26,319
	18,130	26,319
Saskatchewan Lotteries Trust Fund		
Saskatchewan Lotteries Trust Fund	28,204	27,383
	28,204	27,383
Other		
Investment income	8,675	10,964
Miscellaneous income	1,928	1,077
	10,603	12,041
Government assistance		
Government assistance	224,238	-
	224,238	-
Total Revenue	\$ 1,202,064	\$ 1,139,349

See notes to the financial statements

SASKATCHEWAN 4-H COUNCIL INC.
Schedule of Expenditures
For the Year Ended December 31, 2020

(Schedule 2)

	2020	2019
Administrative		
Salaries	\$ 326,341	\$ 341,725
Service charges	6,317	7,569
Professional fees	16,116	25,809
Staff meetings	1,732	3,785
Salaries - casual	6,200	11,243
Travel and sustenance	781	7,109
Storage expense	1,020	1,020
Telephone and fax	11,303	9,489
Cellular phones	3,371	3,255
Registered retirement savings plan	18,382	17,064
Group insurance	26,369	29,103
Stationery	5,294	7,172
Photocopying	6,533	6,470
Postage	16,274	21,353
Office equipment	832	1,010
Bus/courier	-	253
Website/computer support	16,854	18,452
Computer/software purchases	5,096	4,393
Staff/volunteer recognition	3,316	3,234
Staff training	147	10,892
Miscellaneous	130	753
	472,408	531,153
Provincial, regional, district and club level		
Salaries	205,254	195,346
Programming	33,787	96,422
Meals and accommodations	2,629	9,693
Mileage	5,182	19,715
Leader resources and support	74	1,152
Scholarship funding	34,500	25,000
Donations-in-kind	60,500	60,269
	341,926	407,597
Supplies		
Inventory adjustment	8,783	5,604
Club manuals	29,287	22,842
Club supplies	823	1,594
Project and resource	-	4,900
	38,893	34,940

(continues)

See notes to the financial statements

SASKATCHEWAN 4-H COUNCIL INC.
Schedule of Expenditures (continued)
For the Year Ended December 31, 2020

(Schedule 2)

	2020	2019
<i>(continued)</i>		
Development and marketing		
Promotional expenses	11,262	17,530
Lottery expense	4,934	19,096
Club share of lottery	13,767	25,198
Marketing and public relations	33,855	31,569
	63,818	93,393
Board and Council business		
Insurance and fees	34,107	27,639
Committee expenses	3,722	3,302
Canadian 4-H Council membership	2,689	11,144
Board training	809	699
Board meetings	14,403	24,343
Annual meeting	5,885	58,653
Board of Directors liability insurance	3,219	1,601
Memberships in other organizations	753	1,087
	65,587	128,468
Amortization of tangible capital assets		
Amortization of tangible capital assets	5,355	9,598
	5,355	9,598
Total Expenses	\$ 987,987	\$ 1,205,149

See notes to the financial statements