

DRAFT

Financial Statements of
Active Saskatchewan Inc.

Year Ended March 31, 2019

Management's Responsibility for Financial Reporting

Management has the responsibility for preparing the accompanying financial statements. This responsibility includes selecting appropriate accounting policies and making objective judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

Ultimate responsibility for financial statements to the members lies with the Board of Directors. The Board of Directors reviews the financial statements in detail prior to their approval of the financial statements for publication.

Independent auditors have audited the financial statements and their report follows. The auditors have full and free access to the Board of Directors to discuss their findings regarding the integrity of the organization's financial reporting and the adequacy of the system of internal controls.

Executive Director

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Active Saskatchewan Inc.

Opinion

We have audited the financial statements of **Active Saskatchewan Inc.**, which comprise the statement of financial position at March 31, 2019 and the statements of operations and changes in net assets and cash flows for the year 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 Corporation as at March 31, 2019, and its financial performance 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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INDEPENDENT AUDITORS' REPORT continued

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

Auditors' 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 auditors' 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 12, 2019
Regina, Saskatchewan

Chartered Professional Accountants

Statement of Financial Position

As at March 31, 2019
(with comparative figures as at March 31, 2018)

	2019	2018
Assets		
Current assets:		
Cash	\$ 358,743	\$ 267,714
Accounts receivable	138,444	137,289
Prepaid expenses	-	5,972
	\$ 497,187	\$ 410,975
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 90,263	\$ 23,212
Deferred revenue	-	45,000
	90,263	68,212
Unrestricted surplus	406,924	342,763
	\$ 497,187	\$ 410,975

See accompanying notes to the financial statements

On behalf of the Board:

_____ Director

_____ Director

Active Saskatchewan Inc.

Statement of Operations and Change in Net Assets

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For the year ended March 31, 2019

(with comparative figures for the year ended March 31, 2018)

	2019	2018
Revenue:		
Community Initiatives Fund grant	\$ 650,000	\$ 650,000
Blue Cross Partnership	184,000	94,000
Interest	1,404	860
Other revenue	32,383	9,063
Saskatchewan Lotteries Trust Fund grant	26,523	26,350
	<u>894,310</u>	<u>780,273</u>
Expenses:		
Committees	13,435	19,984
Community investment	61,385	57,717
Contracted services	99,325	42,302
Office	81,603	97,180
Research and evaluation	4,378	3,171
Resources	30,177	37,612
Salaries and benefits	358,114	405,571
Special projects	148,247	70,247
Travel	33,485	33,444
	<u>830,149</u>	<u>767,228</u>
Excess of revenue over expenses	64,161	13,045
Net assets, beginning of year	342,763	329,718
Net assets, end of year	<u>\$ 406,924</u>	<u>\$ 342,763</u>

See accompanying notes to the financial statements

Statement of Cash Flows

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For the year ended March 31, 2019

(with comparative figures for the year ended March 31, 2018)

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 64,161	\$ 13,045
Net change in non-cash working capital items:		
Accounts receivable	(1,155)	(96)
Prepaid expenses	5,972	(5,972)
Accounts payable	67,051	456
Deferred revenue	(45,000)	30,000
	91,029	37,433
Increase in cash during the year	91,029	37,433
Cash, beginning of year	267,714	230,281
Cash, end of year	\$ 358,743	\$ 267,714

See accompanying notes to the financial statements

Notes to the Financial Statements

For the year ended March 31, 2019

(with comparative figures for the year ended March 31, 2018)

1. Nature of operations

Active Saskatchewan Inc. (the "Corporation") is an organization of members who work together to increase physical activity and physical literacy in Saskatchewan. Active Saskatchewan Inc. operates using the trade name "Saskatchewan in motion" and is incorporated under the *Non-Profit Corporations Act* of Saskatchewan. Under present legislation, no income taxes are payable on reported income of such corporations.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, the most significant policies are outlined below.

Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Revenue recognition:

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Financial instruments:

Financial assets and financial liabilities are recorded on the statement of financial position when the organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in the subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transactions costs, which are amortized over the expected life of the instrument.

Fair value is an amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenue over expenses. When there is an indication of impairment the carrying amount of financial assets measured at amortized cost may be reduced. Such impairments can be subsequently reversed if the value improves.

Notes to the Financial Statements

For the year ended March 31, 2019

(with comparative figures for the year ended March 31, 2018)

3. Financial instruments and risk management*Fair value:*

The recorded value of accounts receivable and accounts payable approximates fair value due to their short term nature.

Credit, currency, interest rate, liquidity and price risk:

The Corporation is not subject to significant credit, currency, interest rate, liquidity, or price risk due to the short term nature of its financial instruments.

4. Economic dependence

Active Saskatchewan Inc. currently receives significant revenue in grants from the Community Initiatives Fund and is therefore dependent upon the continuance of these grants to maintain operations at planned levels.
