

SASKATCHEWAN TRAILS ASSOCIATION INC.

REGINA, SASKATCHEWAN

Financial Statements

As at December 31, 2019

SASKATCHEWAN TRAILS ASSOCIATION INC.

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Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Saskatchewan Trails Association Inc.

Qualified Opinion

We have audited the financial statements of Saskatchewan Trails Association Inc. (the Association), which comprise the statement of financial position as at December 31, 2019, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Saskatchewan Trails Association Inc. as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Saskatchewan Trails Association derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Saskatchewan Trails Association Inc. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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 Association in accordance with the 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

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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 Association'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 Association'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 Association 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.

Saskatoon, Saskatchewan
February 26, 2020

Stewart, Gee & Murray CPA LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

SALMON RIVER ATCHEWAN TRAILS ASSOCIATION INC.

Statement of Financial Position

As at December 31, 2019

(With comparative figures for December 31, 2018)

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 40,826	\$ 29,892
Accounts receivable	-	500
GST receivable	316	32
Prepaid expenses	696	672
	<u>\$ 41,838</u>	<u>\$ 31,096</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,500	\$ 3,500
Deferred revenue (Note 3)	3,394	1,455
	<u>6,894</u>	<u>4,955</u>
NET ASSETS	<u>34,944</u>	<u>26,141</u>
	<u>\$ 41,838</u>	<u>\$ 31,096</u>

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

SASKATCHEWAN TRAILS ASSOCIATION INC.

Statement of Operations

For the Year Ended December 31, 2019

(With comparative figures for the year ended December 31, 2018)

	2019	2018
REVENUES		
Saskatchewan Lotteries Trust Fund	\$ 25,333	\$ 25,081
Donation - Churchill toilet	10,551	-
Leadership development grant	3,383	2,000
Summer employment grant	3,228	5,947
Memberships	2,205	2,100
Donations	1,120	373
Donations - Elbow trail	1,075	3,444
Interest income	126	70
JPRM Grant	112	500
Member grant	-	1,500
Administration fee - Elbow trail	-	38
	<u>47,133</u>	<u>41,053</u>
EXPENSES		
Administration (Schedule 1)	28,828	31,894
Communication (Schedule 1)	434	500
Elbow trail (Schedule 1)	800	3,444
Organizational development (Schedule 1)	1,491	2,742
Special initiatives (Schedule 1)	6,777	1,500
	<u>38,330</u>	<u>40,080</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 8,803</u>	<u>\$ 973</u>

S KATCHEWAN TRAILS ASSOCIATION INC.

Statement of Changes in Net Assets

For the Year Ended December 31, 2019

(With comparative figures for the year ended December 31, 2018)

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 26,141	\$ 25,168
EXCESS OF REVENUES OVER EXPENSES	8,803	973
NET ASSETS - END OF YEAR	\$ 34,944	\$ 26,141

SASKATCHEWAN TRAILS ASSOCIATION INC.
Statement of Cash Flows
Year Ended December 31, 2019
(With comparative figures for the year ended December 31, 2018)

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 8,803	\$ 973
Changes in non-cash working capital:		
Decrease in accounts receivable	500	2,980
(Increase) decrease in GST receivable	(284)	2
(Increase) decrease in prepaid expenses	(24)	120
Increase in accounts payable and accrued liabilities	-	251
Decrease in employee deductions payable	-	(535)
Increase (decrease) in deferred income	1,939	(7,438)
	<u>2,131</u>	<u>(4,620)</u>
INCREASE (DECREASE) IN CASH FLOW	10,934	(3,647)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>29,892</u>	<u>33,539</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 40,826</u>	<u>\$ 29,892</u>

1. STATUS AND NATURE OF ASSOCIATION

The Saskatchewan Trails Association Inc. ("The Association") is a non-profit organization formed to promote the development and use of recreation trails throughout Saskatchewan and to facilitate communications among trail users, Trail Clubs, Provincial Associations, user groups, the Trans Canada Trail Foundation and others.

The Association was incorporated on July 23, 2004 and became designated as a Charitable Organization on July 1, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

Saskatchewan Trails Association Inc. follows the deferral method of accounting for contributions.

Membership revenue is recognized as revenue over the period of the related membership

Grants are recognized as revenue in the year in which the related expenses are incurred.

Trail registration revenue is recognized in the year it is received or receivable, provided the amount to be received can be reasonably estimated and collection is reasonably certain.

Deferred revenue

Deferred revenue represents membership fees and restricted funding received in the current period that is related to the subsequent period.

Donated service

The work of the Association benefits from the volunteer service of many members. As these services are not normally purchased and because of the difficulty of valuation, donated services are not recognized in these financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and GST rebate receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, employee deductions payable, and deferred revenue.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and any short-term investments held at financial institutions which are highly liquid with original maturities of less than three months.

3. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Elbow trail	\$ 1,555	\$ 712
Member grant program	1,796	700
Membership fees	43	43
	<u>\$ 3,394</u>	<u>\$ 1,455</u>

4. RELATED PARTY TRANSACTIONS

The following is a summary of the Association's related party transactions:

	<u>2019</u>	<u>2018</u>
Benchmark Public Relations (Company controlled by the executive director)		
Administration, services and supplies	<u>\$ 19,234</u>	<u>\$ 21,190</u>

These transactions are recorded as per the agreement between the related party and the Association.

5. ECONOMIC DEPENDENCE

The Association receives approximately 75% of its grants from Saskatchewan Lotteries Trust Fund for development and use of trails. As a result, the Association is dependant on the continuance of these grants to conduct operations at their current levels.

6. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2019.

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6. FINANCIAL INSTRUMENTS (continued)

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from government, donors, members and other related sources. The Association feels its liquidity risk is not significant.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant financial risks.

SASKATCHEWAN TRAILS ASSOCIATION INC.

**Schedule One
(Schedule 1)**

December 31, 2019

	2019	2018
Elbow trail		
Sustainable trail payments	\$ 800	\$ 3,444
Administration		
Administration	\$ 19,213	\$ 19,200
Wages and contract	3,340	6,456
Professional fees	3,710	3,985
Insurance	1,352	1,471
GST adjustment	573	500
Web hosting	192	219
Memberships	255	55
Bank charges	8	8
Travel	185	-
	<u>\$ 28,828</u>	<u>\$ 31,894</u>
Organizational development		
Strategic planning	\$ -	\$ 2,000
Board Meetings	503	445
AGM	430	160
Supplies	558	137
	<u>\$ 1,491</u>	<u>\$ 2,742</u>
Communication		
Brochures	\$ 434	\$ 500
Special initiatives		
Member grant program	\$ -	\$ 1,500
Churchill toilet	6,252	-
Trail	525	-
	<u>\$ 6,777</u>	<u>\$ 1,500</u>