

**THE ALBERTA STANDARD BRED HORSE ASSOCIATION**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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Independent Auditor's Report.....	1
Statement of Financial Position.....	3
Statement of Operations and Members' Equity.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of**  
**The Alberta Standardbred Horse Association**

**Opinion**

I have audited the accompanying financial statements of The Alberta Standardbred Horse Association which comprise the statement of financial position as at December 31, 2021 and the statement of operations and members' equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Alberta Standardbred Horse Association as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Basis for Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Responsibilities of Management and Those Charged with Governance 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 misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Association's ability to continue as a 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 to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud and error, and to issue an auditor's report that includes my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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.

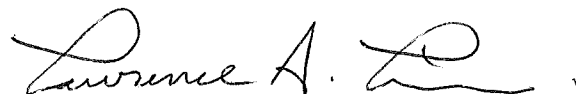
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

March 26, 2022  
Calgary, Alberta



Chartered Professional Accountant

**THE ALBERTA STANDARD BRED HORSE ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**

	December 31	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 156,228	\$ 63,415
Term deposits (note 3)	126,269	152,531
Funds held in trust (note 2)	24,968	69,472
Accounts receivable	36,630	6,948
Investment (note 3)	6	6
Prepaid expenses	12,230	8,889
Note receivable (note 4)	<u>87,549</u>	<u>87,549</u>
	443,880	388,810
<b>PROPERTY AND EQUIPMENT (note 5)</b>	<u>8,097</u>	<u>9,648</u>
	<u>\$ 451,977</u>	<u>\$ 398,458</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 68,074	\$ 61,422
Government remittances payable	6,748	4,439
Trust accounts payable (note 2)	24,968	69,472
Deferred revenue (note 6)	<u>15,546</u>	<u>19,594</u>
	115,336	154,927
<b>MEMBERS' EQUITY</b>		
Unrestricted	<u>336,641</u>	<u>243,531</u>
	<u>\$ 451,977</u>	<u>\$ 398,458</u>

See notes to financial statements

Approved by the Board:

\_\_\_\_\_, Director

**THE ALBERTA STANDARD BRED HORSE ASSOCIATION**

**STATEMENT OF OPERATIONS AND MEMBERS' EQUITY**

	Year ended December 31	
	2021	2020
<b>REVENUE</b>		
ASHA operating assessment	\$ 250,000	\$ 250,000
Grants	126,330	130,000
Canadian wage and rent subsidy	63,879	25,746
Other income	35,012	45,105
Memberships	34,780	33,042
Breed development program	25,029	10,896
Yearling sale, net	2,204	-
Interest	1,550	2,513
	<u>538,784</u>	<u>497,302</u>
<b>EXPENSES</b>		
Salaries and employee benefits	238,545	223,818
Advertising, promotion and donations - net	77,428	70,025
Office	58,858	50,623
Insurance	36,943	41,843
Professional fees	12,000	12,350
Meetings	9,673	3,040
President and directors expenses	4,429	4,429
Telephone	4,307	4,373
Amortization	2,500	3,200
Other	991	-
Mixed sale, net	-	50,720
Yearling sale, net	-	7,512
	<u>445,674</u>	<u>471,933</u>
<b>EXCESS OF REVENUES (EXPENSES) FOR YEAR</b>	93,110	25,369
Members' unrestricted equity at beginning of year	<u>243,531</u>	<u>218,162</u>
<b>MEMBERS' UNRESTRICTED EQUITY AT END OF YEAR</b>	<u>\$ 336,641</u>	<u>\$ 243,531</u>

See notes to financial statements

# THE ALBERTA STANDARD BRED HORSE ASSOCIATION

## STATEMENT OF CASH FLOWS

	Year ended December 31	
	2021	2020
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATIONS</b>		
Excess revenues (expenses) for the year	\$ 93,110	\$ 25,369
Charge to income not affecting cash		
Amortization	<u>2,500</u>	<u>3,200</u>
	95,610	28,569
Changes in operating accounts		
Accounts receivable	( 29,682)	14,123
Prepaid expenses	( 3,341)	( 4,339)
Deferred revenue	( 4,048)	5,123
Accounts payable	<u>8,961</u>	<u>( 38,732)</u>
	<u>67,500</u>	<u>4,744</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	<u>( 949)</u>	<u>-</u>
<b>INCREASE IN CASH FOR THE YEAR</b>	66,551	4,744
<b>CASH AT BEGINNING OF THE YEAR</b>	<u>215,946</u>	<u>211,202</u>
<b>CASH AT END OF THE YEAR</b>	<u>\$ 282,497</u>	<u>\$ 215,946</u>
Cash consists of:		
Cash	\$ 156,228	\$ 63,415
Term deposits	<u>126,269</u>	<u>152,531</u>
	<u>\$ 282,497</u>	<u>\$ 215,946</u>

See notes to financial statements

# THE ALBERTA STANDARDBRED HORSE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### GENERAL

The Association is incorporated under the laws of the Societies Act of Alberta. The Association's principle business is to develop and promote standardbred horse racing throughout Alberta.

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

#### Property and Equipment

Property and equipment are recorded at cost. Amortization is provided as follows:

Automotive equipment	-	30% diminishing balance basis
Office equipment	-	20% diminishing balance basis

#### Measurement Uncertainty

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ by a material amount from these estimates.

#### Contributed Services

Volunteers contribute many hours each year to assist the association in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.



# THE ALBERTA STANDARD BRED HORSE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

#### Revenue Recognition

Memberships, yearling sale and other revenue is recognized as revenue when the services are provided and the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants, operating assessments and breed development program revenue is recognized as revenue when received unless it is restricted for a specific purpose.

Investment income is recognized over the term of the investment on a straight line basis.

#### Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Subsequently, financial instruments are recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition, which are amortized using the straight line method.

Financial assets measured at cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows. The amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# THE ALBERTA STANDARD BRED HORSE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED DECEMBER 31, 2021

#### NOTE 2 - FUNDS HELD IN TRUST AND TRUST ACCOUNT PAYABLE

The Association is responsible for the administrative duties of the Alberta Sire Stakes Program. The funds held in trust consist of an operating account in the amount of \$13,532 (2020 - \$8,082) and short term deposits in the amount of \$11,436 (2020 - \$11,325). These funds are restricted in use and have been segregated from the Association's own operating funds. The revenues and expenses related to the Alberta Sire Stakes Program have not been included in these financial statements.

The Association is also responsible for the administrative duties of the Alberta Mares and Stallions Owners' bonus program. In 2020, the Association received a prepayment of \$50,000 plus accrued interest for the 2021 bonus program. This amount has been included in the funds held in trust. The revenues and expenses related to the Alberta Mares and Stallions Owners' bonus program have not been included in these financial statements.

#### NOTE 3 - TERM DEPOSITS AND INVESTMENT

The association invests its excess operating cash in guaranteed investment certificates as follows:

	December 31	
	2021	2020
TD GIC, earning interest @ 0.50%, maturing June 19, 2022	\$ 64,109	\$ 62,562
TD GIC, earning interest @ 1.60%, maturing February 26, 2022	56,981	56,219
TD GIC, earning interest @ 0.50%, maturing October 19, 2022	1,220	1,218
TD GIC, earning interest @ 0.50%, maturing October 19, 2022	1,220	1,218
TD GIC, earning interest @ 0.50%, maturing October 19, 2022	1,162	1,162
TD GIC, earning interest @ 1.60%, matured November 14, 2021	-	27,343
plus accrued interest	<u>1,577</u>	<u>2,809</u>
total term deposits	<u>\$ 126,269</u>	<u>\$ 152,531</u>

The association advanced \$200,000 to Calgary Racing Inc. (CREG) to help fund the costs associated with the completion and filing of a competitive application for a class A racing and entertainment centre license in Alberta. CREG was unsuccessful in obtaining the license and withdrew its application and joined with the United Horsemen of Alberta (UHA) to provide a united bid for the license, which was granted in 2005.

# THE ALBERTA STANDARD BRED HORSE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### NOTE 3 - TERM DEPOSITS AND INVESTMENT - continued

The advances have been converted to an equity position in UHA, which operates the horse racing and casino facility known as Century Downs. The equity position represents a less than 1% ownership position in UHA and the value of this position is indeterminable. The equity position is shown at a nominal value for financial statement purposes.

### NOTE 4 - NOTE RECEIVABLE

ASHA advanced \$87,549 to the Track on 2 to operate a race track for standardbred race horses. The Track on 2 has agreed to repay the note by annual installments. The note is unsecured, non interest bearing and repayable in three annual installments commencing October 2022.

### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2021		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Office equipment	\$ 62,103	\$ 59,006	\$ 3,097
Trailer	12,000	7,100	4,900
Automotive equipment	<u>5,750</u>	<u>5,650</u>	<u>100</u>
	<u>\$ 79,853</u>	<u>\$ 71,756</u>	<u>\$ 8,097</u>
	2020		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Office equipment	\$ 61,154	\$ 58,106	\$ 3,048
Trailer	12,000	5,500	6,500
Automotive equipment	<u>5,750</u>	<u>5,650</u>	<u>100</u>
	<u>\$ 78,904</u>	<u>\$ 69,256</u>	<u>\$ 9,648</u>

# THE ALBERTA STANDARD BRED HORSE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### NOTE 6 - DEFERRED REVENUE

Deferred revenue consists of cash receipts \$15,546 (2020 - \$19,594) relating to the prepayment of future year's membership fees.

### NOTE 7 - FINANCIAL RISKS AND CONCENTRATION OF RISK

The association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk, and market (other price) risk, described as follows:

(a) Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The accounts receivable are due from a diverse group of individuals and companies operating in the horse racing industry primarily concentrated in Alberta. The association does not have a significant exposure to any individual customers. The association's maximum credit risk exposure is limited to the fair value of its accounts receivable. There has been no change to the risk exposures from 2020.

(b) Liquidity Risk

Liquidity risk is the risk that the association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The association's exposure to liquidity risk is dependent on the collection of accounts receivable in order to sustain operations. Management is of the opinion that liquidity risk is not a significant risk and there has been no change to the risk exposures from 2020.

(c) Currency Risk

The association is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates, although there are not many transactions which are denominated in US dollars.

(d) Interest Rate Risk

The association has no significant debt outstanding and does not anticipate this being a major source of funds. There has been no change to the risk exposures of interest rates from 2020.

# **THE ALBERTA STANDARD BRED HORSE ASSOCIATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **YEAR ENDED DECEMBER 31, 2021**

#### **NOTE 8 - INCOME TAXES**

The Association is exempt from income taxes under paragraph 149(1)(1) of the income tax act, therefore no provision for income taxes has been made in these financial statements.

#### **NOTE 9 - GOVERNMENT ASSISTANCE**

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) program and the Canada Emergency Rent Subsidy (CERS). CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The Association has received \$54,604 (2020 - \$25,746) under this program. The CERS provides a rent subsidy based on certain criteria. The Association has received \$9,275 under this program in the current fiscal year.

#### **NOTE 10 - IMPACT OF COVID-19 ON OPERATIONS**

On March 11, 2020, The World Health Organization declared a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation / quarantine orders. The Association's operations were impacted by COVID-19 due to uncertainties in demand for its products and services, and the general economic environment. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures, or disruptions, and quarantine / isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.