

MANITOBA 4-H COUNCIL INC.
Non-consolidated
Financial Statements
For the year ended August 31, 2024

MANITOBA 4-H COUNCIL INC.
Non-consolidated Financial Statements
For the year ended August 31, 2024

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Independent Auditor's Report

To the Members of Manitoba 4-H Council Inc.

Qualified Opinion

We have audited the accompanying non-consolidated financial statements of Manitoba 4-H Council Inc. (the "Entity"), which comprise the non-consolidated statement of financial position as at August 31, 2024, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated 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 non-consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2024, 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, the Entity derives revenue from fundraising activities and 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 the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2024 and 2023, current assets as at August 31, 2024 and 2023, and net assets as at September 1 and August 31 for both the 2024 and 2023 years. Our audit opinion on the non-consolidated financial statements for the year ended August 31, 2023 was modified accordingly because of the possible effects of this limitation in 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 Entity 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 these 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 these non-consolidated 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 non-consolidated financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 organization'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated 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.

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba

November 18, 2024

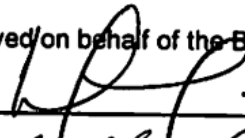
Manitoba 4-H Council Inc.
Non-consolidated Balance Sheet

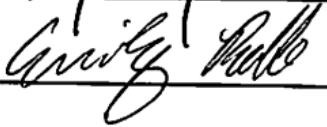
August 31	2024	2023
Assets		
Current Assets		
Cash (Note 2)	\$ -	\$ 155,011
Short-term investments (Note 3)	240,869	154,833
Accounts receivable	187,366	123,597
Inventories (Note 4)	8,996	13,012
Prepaid expenses	15,953	14,898
	453,184	461,351
Long-term investments (Note 3)	70,000	135,000
Capital assets (Note 5)	29,532	41,339
	\$ 552,716	\$ 637,690

Liabilities and Net Assets

Current Liabilities		
Cheques written in excess of funds (Note 6)	\$ 18,961	\$ -
Accounts payable and accrued liabilities (Note 7)	184,226	151,829
Deferred revenue (Note 8)	11,610	124,728
	214,797	276,557
Net Assets		
Unrestricted	316,892	340,106
Internally restricted (Note 11)	21,027	21,027
	337,919	361,133
	\$ 552,716	\$ 637,690

Approved on behalf of the Board:


 _____ Nov 16 2024 Director


 _____ Nov 16 2024 Director

Manitoba 4-H Council Inc.
Non-consolidated Statement of Changes in Net Assets

For the year ended August 31

2024

2023

	Internally restricted	Unrestricted	Total	Total
Net assets, beginning of year	\$ 21,027	\$340,106	\$361,133	\$473,169
Deficiency of revenue over expenses for the year	-	(23,214)	(23,214)	(112,036)
Net assets, end of year	\$ 21,027	\$316,892	\$337,919	\$361,133

Manitoba 4-H Council Inc.
Non-consolidated Statement of Operations

For the year ended August 31	2024	2023
Revenue		
Member and leadership opportunities		
Communications	\$ 20,392	\$ 24,754
Curling	880	-
Future leaders	40,000	-
Japan homestay	49,082	53,162
Leader travel	14,384	16,585
Leadership development	29,410	15,513
Member development	69,142	58,644
Member & leader opps	-	300
Member travel	65,686	7,500
Rally	43,137	25,068
Scholarships	73,510	53,374
Volunteer appreciation	-	239
Board		
Board of directors meetings	9,500	16,000
Council services		
Area council	49,700	74,300
Employment & social development	37,109	67,891
Club awards (external)	3,832	6,888
Clubs	112,478	107,585
Community services recovery fund	173,450	60
First aid training	7,565	-
Highway clean-up project	2,030	-
Marketing and image	13,040	9,414
Sponsors and partners	130,630	70,300
Operations		
Overhead	111,787	53,781
Human resources	158,600	152,100
Virtual programming	-	8,000
	1,215,344	821,458
Expenses (Page 17)	1,224,112	919,809
Deficiency of revenue over expenses for the year before amortization	(8,768)	(98,351)
Amortization	(14,446)	(13,685)
Deficiency of revenue over expenses for the year	\$ (23,214)	\$ (112,036)

Manitoba 4-H Council Inc.
Non-consolidated Statement of Cash Flows

For the year ended August 31	2024	2023
Cash Flows from Operating Activities		
Deficiency of revenues over expenses for the year	\$ (23,214)	\$ (112,036)
Adjustment for		
Amortization of property, plant and equipment	14,446	13,685
	<u>(8,768)</u>	<u>(98,351)</u>
Changes in non-cash working capital balances		
Accounts receivable	(63,769)	(106,296)
Inventories	4,016	1,961
Prepaid expenses	(1,055)	10,340
Accounts payable and other liabilities	32,397	75,114
Deferred revenue	(113,118)	103,868
	<u>(141,529)</u>	<u>84,987</u>
	<u>(150,297)</u>	<u>(13,364)</u>
Cash Flows from Investing Activities		
Purchase of investments	(21,038)	(4,711)
Purchase of capital assets	(2,637)	(17,800)
Proceeds on sale of investments	-	185,000
	<u>(23,675)</u>	<u>162,489</u>
Increase (decrease) in cash during the year	(173,972)	149,125
Cash, beginning of year	155,011	5,886
Cash and bank (cheques written in excess of funds), end of year	\$ (18,961)	\$ 155,011

Manitoba 4-H Council Inc.

Notes to Non-consolidated Financial Statements

August 31, 2024

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Entity is an incorporated not-for-profit entity. The Entity is dedicated to enhancing 4-H in Manitoba by providing programs and services in partnership with shareholders. 4-H is a community-based entity dedicated to the growth and development of rural youth. The Entity is dependent upon the commitment and contribution of community volunteers in all aspects of its operation, including the board of directors and its committees. The Entity is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

The non-consolidated financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Cost is net of related investment tax credits and government grants. Amortization based on the estimated useful life of the asset is calculated as follows:

Furniture and fixtures	20 % straight-line basis
Computer equipment	20 % straight-line basis
Project equipment	20 % straight-line basis

Revenue Recognition

The Entity follows the deferral method of accounting for restricted contributions.

Revenues are recognized when funds become receivable and collection is reasonably assured. Restricted contributions are recorded as revenue when the funds become receivable, collection is reasonably assured and the related expenses are incurred.

Sponsorships, donations, fundraising and grants are recognized when the funds become receivable and collection is reasonably assured. If these revenues are restricted then they will be recorded as revenue when the funds become receivable, collection is reasonably assured and the related expenses are incurred.

Club and membership fees are recognized when funds are received and the services being offered have been rendered.

Manitoba 4-H Council Inc.

Notes to Non-consolidated Financial Statements

August 31, 2024

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Product sales are recognized when the risks and rewards of ownership have been transferred, the amount of revenue can be measured reliably, and collection is reasonably assured.

Investment income is recognized in the period it is receivable and collection is reasonably assured.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods the financial instruments are reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. When a significant change in the expected timing or amount of future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported on the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that the Entity's long-lived assets may be impaired, a test of recoverability would be performed.

Such a test entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required.

For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely dependent of the cash flows of other assets and liabilities.

Manitoba 4-H Council Inc.

Notes to Non-consolidated Financial Statements

August 31, 2024

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of no-consolidated financial statements in accordance 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 non-consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contributed Materials and Services

Save on Foods and Heritage Co-op contributed gift cards to assist the Entity in carrying out its activities. These contributed materials have been recognized at the redemption value of the gift cards received.

2. Cash

The Entity has cash balances at the Bank of Montreal. Funds now held at this financial institution in excess of \$100,000 may not be insured. Management does not anticipate any material effect on the financial position of the Entity as a result of this concentration.

3. Investments

Investments are recorded at market value and are held in various GIC's and interest bearing savings accounts

	2024	2023
Bank of Montreal GIC, interest to be determined at maturity, maturing October 2025	\$ 65,000	\$ 65,000
Bank of Montreal GIC, interest to be determined at maturity, maturing October 2026	70,000	70,000
Bank of Montreal Money Market	175,869	154,833
	310,869	289,833
Less: Short term investments	240,869	154,833
Long-term investments	\$ 70,000	\$ 135,000

Manitoba 4-H Council Inc.
Notes to Non-consolidated Financial Statements

August 31, 2024

4. Inventories

	2024	2023
Promotional inventory	\$ 8,996	\$ 13,012

During the year the total inventory recognized as cost of goods sold was \$13,053 (2023 - \$10,434). \$1,769 in writedowns were recognized in the current year (2023 - \$1,083).

5. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Project equipment	\$ 57,853	\$ 35,395	\$ 57,853	\$ 23,825
Furniture and fixtures	37,158	34,900	37,158	33,284
Computer equipment	15,358	10,542	12,721	9,284
	\$ 110,369	\$ 80,837	\$ 107,732	\$ 66,393
Net book value		\$ 29,532		\$ 41,339

Manitoba 4-H Council Inc.
Notes to Non-consolidated Financial Statements

August 31, 2024

6. Cheques Written in Excess of Funds

	2024	2023
Cheques written in excess of funds without overdraft	\$ 18,961	\$ -

7. Accounts Payable and Accrued Liabilities

	2024	2023
Trade accounts payable	\$ 159,893	\$ 113,990
Government remittances	-	12,167
Wages payable	24,333	25,672
	\$ 184,226	\$ 151,829

8. Deferred Revenue

	2024	2023
Opening balance	\$ 124,728	\$ 20,860
Revenue recognized in year	(124,728)	(20,860)
Revenue deferred in year	11,610	124,728
	\$ 11,610	\$ 124,728

Deferred revenue consists of donations and grants that have been restricted by the donors to be used for specific projects and member fees received in advance.

9. Obligations under Operating Leases

Future minimum lease payments under the operating lease for subsequent years are as follows:

2025	\$	19,500	
2026		20,000	
2027		20,000	
		\$ 59,500	

Manitoba 4-H Council Inc. Notes to Non-consolidated Financial Statements

August 31, 2024

10. Manitoba 4-H Endowment Fund Foundation Inc.

Manitoba 4-H Council Inc. is a beneficiary of the Manitoba 4-H Endowment Fund Foundation Inc. (the "Foundation") and as such has significant economic interest in the Foundation. Manitoba 4-H Council executive appoints the trustees of the Foundation resulting in the Manitoba 4-H Council having control over the Foundation. A trust agreement is in place between the two entities. Information regarding the Foundation is reported on a disclosure basis.

The Foundation is incorporated under the laws of Manitoba and is engaged in the operation of investing and managing funds to support future growth and development of the 4-H program in Manitoba. The Foundation is a registered charity and, as such, is exempt from income taxes and may issue income tax receipts to donors. The financial statements are prepared using Canadian accounting standards for not-for-profit organizations.

Each year a percentage of the Foundation's income, as specified in the trust agreement, must be paid to Manitoba 4-H Council Inc. to be used for education and programming initiatives. In 2024 the amount transferred was \$31,201 (2023 - \$17,485). The revenue is recognized as part of sponsorships and donations in the period that the related scholarship expense is incurred. Revenue for which the related scholarship has not yet been incurred is included in deferred revenue.

There is an amount receivable of \$16,295 from the Foundation. Transactions are recorded at the exchange amount, which is the amount agreed to by the parties.

The Foundation's financial information reported on the December 31 audited financial statements is as follows:

	<u>2023</u>	<u>2022</u>
Total assets	\$ 432,610	\$ 394,567
Total liabilities	6,112	6,158
Net assets	426,498	388,409
Total revenues	38,989	50,211
Total expenses	21,051	23,876
Unrealized gain (loss) on investments	20,151	(80,253)
Cash flows from operating activities	6,016	27,315
Cash flows from investing activities	(14,582)	(15,779)

There are no restrictions on the resources of the Foundation. The two entities follow the same accounting standard. There are no significant differences in the accounting policies being followed by the entities.

11. Internally Restricted Net Assets

Internally restricted net assets consists of funds that the Board has decided to use for specific programs that will take place in the future. During 2024 \$nil (2023 - \$nil) was transferred in for future use. During 2024 \$nil (2023 - \$20,407) was transferred out of restricted net assets to cover specific program expenditures approved by the Board. These transactions resulted in no change to the internally restricted funds of \$nil (2023 - \$20,407 decrease).

Manitoba 4-H Council Inc.
Notes to Non-consolidated Financial Statements

August 31, 2024

12. Alexander Cherban Agriculture Industry Development Program

The Entity administers a trust on behalf of the Alexander Cherban Agricultural Industry Development Program. The Entity is in possession of an asset of \$244,181 (2023 - \$348,568) related to that trust, which does not form a part of the Entity's assets or liabilities.

Activities within the trust consisted of the following:

	<u>2024</u>	<u>2023</u>
Opening Trust Balance	\$ 346,505	\$ 404,273
Contributions:		
Interest	5,614	2,233
Net change in investments	-	-
	5,614	2,233
Disbursements:		
Management fee	(10,000)	(10,000)
Bank charges	(1)	(1)
Grant Awards	(100,000)	(50,000)
	(110,001)	(60,001)
Net Change to Trust	(104,387)	(57,768)
Ending Trust Balance	\$ 242,118	\$ 346,505

13. Revenue

	<u>2024</u>	<u>2023</u>
Sponsorships and donations	\$ 501,797	\$ 240,820
Club and membership fees	155,670	134,313
Grants	523,372	419,127
Product sales	13,188	11,228
Investment income	21,317	5,970
Other non-recurring income	-	10,000
	\$ 1,215,344	\$ 821,458

Manitoba 4-H Council Inc.

Notes to Non-consolidated Financial Statements

August 31, 2024

14. Financial Risk Management

The Entity, as part of its operations, carries a number of financial instruments. It is management's opinion that the Entity is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise noted.

Market Risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The short-term investments are exposed to market risk and the long-term investments are exposed to interest rate risk. The market risk and interest rate risk are moderate considering the fluctuations occurring in the market. This is an increase in risk from the prior year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises principally from receivables. Receivables are the result of GST, scholarships and grants. The credit risk is minimal. There have not been any changes in the risk from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Entity will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Entity is exposed to this risk mainly in respect of its outstanding cheques and trade accounts payable. It is the Entity's policy to ensure, as far as possible, that it will have sufficient cash flows and short term investments to allow it to meet its liabilities when they come due, under both normal and stressed conditions. The liquidity risk is considered moderate as operating costs have increased at a higher rate than the corresponding revenues. This is an increase in risk from the prior year.

Manitoba 4-H Council Inc.
Non-consolidated Schedule of Expenses

For the year ended August 31	2024	2023
Member and leadership opportunities		
Art challenge	\$ -	\$ 509
Communications	7,677	17,559
Curling	1,659	-
Future leaders	40,000	-
Japan homestay	46,952	41,821
Leader travel	12,209	12,588
Leadership development	15,545	15,517
Member development	56,333	48,561
Member & leader opps	(3,467)	7
Member travel	70,461	10,992
Rally	28,027	25,515
Scholarships	34,944	73,157
Volunteer appreciation	58	790
Board		
Board of director meetings	5,652	5,265
Council services		
Area council	41,405	49,465
Associates	4,704	5,300
Club awards (external)	5,691	8,754
Clubs	13,982	1,255
Community service recovery fund	110,720	60
Employment & social development	-	24,527
First aid training		200
150		
Highway clean-up project	1,718	3,996
Marketing and image	18,429	17,338
Member, leader and director services	19,452	15,041
Sponsors and partners	86,045	1,399
Youth protection program	4,308	-
Operations		
Overhead	119,003	117,633
Human resources		
Payroll and employer human resource costs	419,674	422,610
Payroll for Community service recovery fund	62,731	-
	\$ 1,224,112	\$ 919,809