

Kinsmen and Kinette Clubs of Canada

(District III Executive)

Financial Statements

June 30, 2023

Draft - May 9, 2024

Independent Auditor's Report

To the members of
Kinsmen and Kinette Clubs of Canada

Opinion

We have audited the financial statements of Kinsmen and Kinette Clubs of Canada (District III Executive), which comprise the statement of financial position as at June 30, 2023, and the statements of operations and 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 organization as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

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

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

Independent Auditor's Report, continued

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 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 organization'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 organization 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.

Chartered Professional Accountants

Warman, Saskatchewan

May 9, 2024

Kinsmen and Kinette Clubs of Canada

(District III Executive)

Statement of Financial Position

As at June 30	2023	2022
Assets		
Current		
Cash and short term investments	\$ 70,264	\$ 60,920
Short term investments	16,360	8,000
Accounts receivable	980	-
	87,604	68,920
Long-term investments (Note 3)	66,240	72,000
	\$ 153,844	\$ 140,920
Liability		
Current		
Accounts payable and accrued liabilities	\$ 12,335	\$ 3,885
Net Assets		
Unrestricted net assets	141,509	137,035
	\$ 153,844	\$ 140,920

Approved by the Board

_____ Director

_____ Director

Kinsmen and Kinette Clubs of Canada

(District III Executive)

Statement of Operations and Changes in Net Assets

For the year ended June 30	2023	2022
Revenues		
Membership dues	\$ 47,100	\$ 52,660
Crime stoppers levy	7,950	8,760
Interest and other	2,917	145
Miscellaneous income	1,500	729
Kinsmen Foundation grant	-	7,546
District leadership seminar	-	2,750
Fall Leadership Conference return	-	500
	<u>59,467</u>	<u>73,090</u>
Expenditures		
CF/Service expense	-	131
Conventions	21,944	17,848
Crime stoppers donation	7,950	8,760
District outfits	1,996	1,174
Dues relief	-	12,990
Executive travel and expenses	8,546	6,033
Honorariums	1,500	1,500
Meetings and seminars	6,102	14,490
Member education and promotion	878	7,546
Office	458	538
Professional fees	3,885	3,885
Trophies and awards	1,734	1,487
	<u>54,993</u>	<u>76,382</u>
Excess (deficiency) of revenues over expenditures	4,474	(3,292)
Balance, beginning of year	<u>137,035</u>	<u>140,327</u>
Balance, end of year	<u>\$ 141,509</u>	<u>\$ 137,035</u>

See accompanying notes

Kinsmen and Kinette Clubs of Canada

(District III Executive)

Statement of Cash Flows

For the year ended June 30	2023	2022
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 4,474	\$ (3,292)
Change in non-cash working capital items		
Accounts receivable	(980)	-
Accounts payable and accrued liabilities	8,450	-
	<u>11,944</u>	<u>(3,292)</u>
Investing activity		
Purchase of investments	<u>(2,600)</u>	<u>(80,000)</u>
Increase (decrease) in cash	9,344	(83,292)
Cash, beginning of year	<u>60,920</u>	<u>144,212</u>
Cash, end of year	<u>\$ 70,264</u>	<u>\$ 60,920</u>

Draft - May 9, 2024

Kinsmen and Kinette Clubs of Canada

(District III Executive)

Notes to the Financial Statements

June 30, 2023

1. Nature of operations

Kinsmen and Kinette Clubs of Canada consists of eight districts in Canada, which are administered by an executive elected by the individual clubs in each district. These financial statements present the operations of the executive of District III, which encompasses clubs located within Saskatchewan, but do not include the operations, assets and liabilities of the Kinsmen Foundation Inc., Telemiracle or the District III Office.

Each of the clubs operates independently of the executive of District III and are responsible for their own records. The clubs are not consolidated under these financial statements.

2. Accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Cash and short term investments

Cash consists of balances with financial institutions as well as highly liquid short-term investments.

(b) Equipment

Equipment is recorded at cost. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the equipment over its estimated useful life. The annual amortization rate is as follows:

Computer equipment	55%
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(c) Impairment of long-lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(d) Revenue recognition

The organization follows the deferral method of accounting for contributions which includes grants and donations.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

(e) Contributed services

Volunteers contributed time to assist the organization in carrying out its activities. Contributed services are not recognized in the financial statements due to the difficulty in determining fair value.

Kinsmen and Kinette Clubs of Canada

(District III Executive)

Notes to the Financial Statements

June 30, 2023

2. Accounting policies, continued

(f) Financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization 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 net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Investments measured at fair value include term investments.

(g) 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 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. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are useful lives of equipment and collection of accounts receivable.

3. Long term investments

Description	Maturity	Interest	<u>2023</u>	<u>2022</u>
Conexus Credit Union Term investment - transferred to short term	May 3, 2024	2.50%	\$ -	\$ 8,000
Conexus Credit Union Term investment	June 28, 2027	3.65%	41,460	40,000
Conexus Credit Union Term investment	May 3, 2027	3.40%	8,272	8,000
Conexus Credit Union Term investment	May 3, 2026	3.35%	8,268	8,000
Conexus Credit Union Term investment	May 3, 2025	3.00%	8,240	8,000
			<u>\$ 66,240</u>	<u>\$ 72,000</u>

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Notes to the Financial Statements

June 30, 2023

4. Equipment

	2023		2022	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 999	\$ 999	\$ -	\$ -

5. Related party transactions

The District III Executive is the parent club of all the Kinsmen and Kinette clubs in Saskatchewan. Dues, levies and other incomes have been assessed against these clubs at agreed rates. The directors have received reimbursements for expenditures at agreed rates.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

6. Financial instruments

(a) Liquidity risk

The organization does have a liquidity risk in the accounts payable and accrued liabilities. Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The organization is exposed to interest rate risk as it holds interest bearing investments.