

SaskCulture Inc.
Financial Statements
March 31, 2017

Management's Responsibility

To the Members of SaskCulture Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of volunteer Directors who are neither management nor employees of SaskCulture. The Audit Committee, which is appointed by the Board, is comprised of directors and other community volunteers who review the financial statements in detail with management and report to the Board prior to their approval of the financial statements for publication. The Committee is also responsible for recommending the appointment of the SaskCulture's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

May 10, 2017



Independent Auditors' Report

To the Members of SaskCulture Inc.:

We have audited the accompanying financial statements of SaskCulture Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SaskCulture Inc. as at March 31, 2017 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Regina, Saskatchewan

May 10, 2017

Chartered Professional Accountants

SaskCulture Inc.
Statement of Financial Position
As at March 31, 2017

	2017	2016
Assets		
Current		
Cash and short-term investments (Note 3)	1,339,255	2,032,825
Accounts receivable	61,333	58,230
Prepaid expenses and deposits	4,091	6,684
GST receivable	11,221	22,997
Due from Saskatchewan Lotteries Trust Fund - Operations (Note 6)	-	5,000
	1,415,900	2,125,736
Intangible assets (Note 4)	276,847	272,647
Capital assets (Note 5)	274,966	332,301
	1,967,713	2,730,684
Liabilities		
Current		
Accounts payable and accruals	128,187	107,318
Due to Saskatchewan Lotteries Trust Fund - Operations (Note 6)	23,884	-
Holdbacks payable (Note 9)	500,947	1,246,620
Deferred revenue (Note 10)	80,262	40,204
Due to Saskatchewan Lotteries Trust Fund - Programs (Note 9)	204,359	186,740
Current portion of lease inducements (Note 8)	27,956	27,956
	965,595	1,608,838
Lease inducements (Note 8)	70,839	98,795
	1,036,434	1,707,633
Net Assets		
Invested in capital and intangible assets	551,813	604,948
Unrestricted	379,466	418,103
	931,279	1,023,051
	1,967,713	2,730,684

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

SaskCulture Inc.
Statement of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation Program Initiatives (Note 9)	4,736,432	4,678,124
Grants from Ministry of Parks, Culture and Sport (Main Street Program)	336,204	283,796
Grants from Cameco (Creative Kids Northern)	30,518	30,000
Operational (Note 6)		
Global Funding	2,284,000	2,125,480
Creative Kids Operations	150,000	150,000
Culture Days Delivery	146,116	155,000
	7,683,270	7,422,400
Self-generated		
Main Street program administration	49,000	49,000
Interest	26,600	26,254
Memberships	13,253	14,553
Benefit plan administration	6,398	6,051
Sundry	132	7,793
	95,383	103,651
Total revenue	7,778,653	7,526,051
Expenses		
Program Initiatives	4,736,431	4,678,124
Salaries and benefits	1,605,113	1,430,584
Ministry of Parks, Culture and Sport (Main Street Program)	334,651	283,796
Office	334,383	272,178
Creative Kids Operations	150,000	150,000
Culture Days Delivery	146,116	155,000
Amortization	98,973	102,651
Communications and marketing	92,827	99,378
Organizational	81,519	71,148
Travel and meetings	78,005	56,059
Diversity strategy	74,427	40,781
Board	57,169	57,983
Cameco (Creative Kids Northern)	30,518	30,000
Programs and services	24,586	18,359
Special projects	24,143	9,000
Global services	1,564	17,894
Total expenses	7,870,425	7,472,935
(Deficiency) excess of revenue over expenses	(91,772)	53,116

The accompanying notes are an integral part of these financial statements

SaskCulture Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2017

	<i>Invested in capital and intangible assets</i>	<i>Unrestricted</i>	<i>2017</i>	<i>2016</i>
Net assets beginning of year	604,948	418,103	1,023,051	969,935
(Deficiency) excess of revenue over expenses	(98,973)	7,201	(91,772)	53,116
Acquisition of capital and intangible assets	45,838	(45,838)	-	-
Net assets, end of year	551,813	379,466	931,279	1,023,051

The accompanying notes are an integral part of these financial statements

SaskCulture Inc.
Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenue over expenses	(91,772)	53,116
Amortization - tangible assets	64,846	72,358
Amortization - intangible assets	34,127	30,294
Amortization of lease inducements	(27,956)	(27,956)
	(20,755)	127,812
Changes in working capital accounts		
Accounts receivable	(3,103)	(52,404)
GST receivable	11,776	117
Prepaid expenses and deposits	2,593	(2,636)
Accounts payable and accruals	20,869	34,884
Holdbacks payable	(745,673)	563,206
Deferred revenue	40,058	9,704
Due to Saskatchewan Lotteries Trust Fund - Programs	17,619	(296,100)
Due to Saskatchewan Lotteries Trust Fund - Operations	28,884	(423,927)
	(647,732)	(39,344)
Investing		
Purchase of capital assets	(7,511)	(185,650)
Purchase of intangible assets	(38,327)	-
	(45,838)	(185,650)
Decrease in cash resources	(693,570)	(224,994)
Cash resources and short-term investments, beginning of year	2,032,825	2,257,819
Cash resources and short-term investments, end of year	1,339,255	2,032,825

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

SaskCulture Inc. ("Organization") is a non-profit organization, with members from various organizations and individuals who have come together to further the course of culture in Saskatchewan. It works in partnership with Sask Sport Inc. and the Saskatchewan Parks and Recreation Association and manages the Culture Section of Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. In addition to its own operations, SaskCulture also directly delivers specific funding programs.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board of Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of less than one year.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment and software	3 years
Office equipment	10 years
Leasehold improvements	6 - 10 years
Database	10 years

Lease inducements

Lease inducements are recorded at cost and amortized over the term of the lease. Amortization is recorded as a reduction of rental expense.

Revenue recognition

Grant revenue is recorded in the period to which it relates. Grant revenue for specific programs related to future periods is deferred and recognized as revenue in the subsequent period to match expenses related to these specific programs. All other revenue is recognized when earned.

Income taxes

SaskCulture is continued under The Non-profit Corporations Act of Saskatchewan. Under present legislation, no income taxes are payable on reported income of such corporations.

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets and intangible assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Program initiatives

SaskCulture delivers certain funding programs for the cultural community, the majority of which comes from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. Any revenue received by SaskCulture relating to these programs is recognized in the year the grant was approved.

Financial instruments

The Organization recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

Upon initial recognition, SaskCulture may irrevocably elect to subsequently measure any financial instrument at fair value. Cash and short-term investments have been designated to be subsequently measured at their fair value. Fair value is determined by reference to quoted market prices. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, SaskCulture determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, SaskCulture reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

SaskCulture reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

3. Cash and short-term investments

SaskCulture's short-term investments are in a business savings account. These investments bear variable interest rates and their returns are based on the success of the fund manager and future interest rates. During the year, the interest rates ranged from 0.70% to 0.80% (2016 - 0.80% to 0.95%).

	2017	2016
Cash	497,449	317,237
Short-term investments	841,806	1,715,588
	1,339,255	2,032,825

4. Intangible assets

Intangible assets includes a database used to record program funding and applications. Amortization of \$34,127 (2016 – \$30,294), related to intangible assets with definite lives, is included in current year earnings.

SaskCulture Inc.
Notes to the Financial Statements
For the year ended March 31, 2017

5. Capital assets

	<i>Accumulated</i>	<i>2017</i>	<i>2016</i>
	<i>Cost</i>	<i>Net book</i>	<i>Net book</i>
	<i>amortization</i>	<i>value</i>	<i>value</i>
Computer equipment and software	335,398	327,782	7,616
Office equipment	425,227	252,399	172,828
Leasehold improvements	226,299	131,777	94,522
	986,924	711,958	274,966
			332,301

6. Operational trust grant

	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Balance,</i>
	<i>received</i>	<i>recorded</i>	<i>returned</i>	<i>returned</i>	<i>March 31,</i>
		<i>as revenue</i>	<i>(receivable)</i>	<i>(receivable)</i>	<i>2017</i>
				<i>prior year</i>	
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation Operational					
Global Funding	2,284,000	2,284,000	-	-	-
Creative Kids Operations	150,000	150,000	-	-	-
Culture Days Delivery	175,000	146,116	23,884	(5,000)	-
	2,609,000	2,580,116	23,884	(5,000)	-

The Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation policy states that the carryover of unused grant funds is not permitted. As such all grant funds must be used in the fiscal period for which they were approved with any unused portion to be returned to the Trust. As of March 31, 2017, \$23,884 of the Trust monies have not been spent and therefore have been recorded as owing to Saskatchewan Lotteries Trust Fund. (2016 - \$5,000 was due from Saskatchewan Lotteries Trust Fund).

7. Pension plan

SaskCulture participates in several multi-employer benefit plans on behalf of its employees. SaskCulture's financial obligation is limited to contributions of 7.50% of gross annual salary for each participating employee. SaskCulture records as pension expense its contributions to the pension plan. The expense recorded in 2017 was \$97,028 (2016 - \$88,114).

8. Commitments and lease inducements

SaskCulture has a building-operating lease with annual payments of \$70,839 (2016 - \$98,795) which expires in 2021. Upon signing the lease, SaskCulture received lease inducements of \$195,440 which is being amortized over the ten year term of the lease. Additional lease inducements of \$50,472 was received on April 1, 2015 which is being amortized over the remaining 6 year term of the lease.

	<i>2017</i>	<i>2016</i>
Lease inducements	98,795	84,691
Add: additional lease inducements	-	42,060
Less: current portion	(27,956)	(27,956)
	70,839	98,795

Current period amortization is \$27,956 (2016 - \$27,956) which has been charged against office rent expense.

SaskCulture Inc.
Notes to the Financial Statements
For the year ended March 31, 2017

9. Program initiatives - grants

	<i>Prior period grants returned</i>	<i>Grants received</i>	<i>Grants recorded as revenue</i>	<i>Grants returned to SLTF</i>	<i>Balance, March 31, 2017</i>
Saskatchewan Lotteries Trust Fund ("SLTF") for Sport, Culture and Recreation Programming					
Aboriginal Arts & Culture Leadership	31,769	300,000	299,350	32,419	-
ArtsSmarts Program	-	290,000	290,000	-	-
Capacity Building Grant	12,811	-	-	12,811	-
Communities of Interest (Schedule1)	-	780,000	780,000	-	-
Creative Kids Grant	-	194,950	194,950	-	-
Creative Partnerships	-	375,000	375,000	-	-
Culture Days Funding Assistance	4,110	95,000	94,003	5,107	-
Festivals Grant Program	-	515,000	515,000	-	-
Gallery Grant Program	-	300,000	300,000	-	-
Global Functions (Schedule 2)	-	200,000	189,529	10,471	-
Media Arts Grant Program	-	250,000	250,000	-	-
Métis Cultural Development Fund	4,509	100,000	100,000	4,509	-
Multicultural Initiatives Fund	26,045	410,000	379,915	56,130	-
Municipal Cultural Engagement & Planning	22,170	120,000	66,110	76,060	-
Museum Grant Program	6,427	780,000	779,575	6,852	-
Saskatchewan Arts Board - Program Delivery	-	123,000	123,000	-	-
	107,841	4,832,950	4,736,432	204,359	-

Holdbacks payable of \$500,947 (2016 - \$1,246,620) represents the outstanding balance of grants due to be paid upon receipt of completed follow-up reports from grant recipients.

10. Deferred revenue

Deferred revenue includes \$30,262 (2016 - \$30,000) received from Cameco Corporation for Creative Kids Northern Cultural Program Funding and \$50,000 (2016 - nil) receivable from the Department of Canadian Heritage for the Canada150 project. Funds will be recognized as revenue as the projects are completed.

11. Related party transactions

SaskCulture Inc. and Creative Kids Canada Inc. are related entities as they share the same board of directors. Included in expenses for the current year are \$10,791 (2016 - nil) to a related entity, Creative Kids Canada Inc. The expenses were recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Financial instruments

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

SaskCulture is exposed to interest rate cash flow risk with respect to its short-term investments which are subject to varying interest rates ranging from 0.70% to 0.80% (2016 – 0.80% to 0.95%).

Liquidity risk

Liquidity risk is the risk that Organization will encounter difficulty in meeting obligations associated with financial liabilities. Organization's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

SaskCulture Inc.
Schedule 1 – Communities of Interest
For the year ended March 31, 2017

	<i>2017</i>	<i>2016</i>
Revenue		
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation	780,000	728,750
Expenses		
Arts	130,000	115,000
Cultural Industries	30,000	13,750
Heritage	620,000	600,000
	780,000	728,750
Excess of revenue over expenses	-	-

SaskCulture Inc.
Schedule 2 – Global Functions
For the year ended March 31, 2017

	2017	2016
Revenue		
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation	189,529	202,591
Expenses		
Arts Ecology Project	5,000	5,000
Creative Kids Fund	1,454	-
Eligible Organization Bonding & Liability Insurance	33,075	33,278
Emerging Cultural Organizations – RCMP Heritage Centre	100,000	100,000
Emerging Cultural Organizations – Children’s Discovery Museum	50,000	50,000
Saskatchewan Choral Federation	-	5,125
Saskatchewan Genealogical Society	-	7,688
World Indigenous Games – Prince Albert Grand Council	-	1,500
	189,529	202,591
Excess of revenue over expenses	-	-