

SaskCulture Inc.
Financial Statements
March 31, 2021

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 Directors who are neither management nor employees of SaskCulture. The Board is comprised of community volunteers elected by the membership who review the financial statements in detail with management prior to their publication. The Board is also responsible for recommending the appointment of 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 Board and management to discuss their audit findings.

May 15, 2021



Independent Auditor's Report

To the members of SaskCulture Inc.:

Opinion

We have audited the financial statements of SaskCulture Inc., which comprise the statement of financial position as at March 31, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of SaskCulture as at March 31, 2021, 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 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 SaskCulture 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 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 SaskCulture'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 SaskCulture or to cease operations, or has no realistic alternative but to do so.

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

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 SaskCulture's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report *(Continued)*

- 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 SaskCulture'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 SaskCulture 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.

Regina, Saskatchewan

May 15, 2021

MNP **LLP**
Chartered Professional Accountants


SaskCulture Inc.
Statement of Financial Position
As at March 31, 2021

	2021	2020
Assets		
Current		
Cash and short-term investments (Note 3)	3,003,521	2,146,185
Accounts receivable	-	99,717
Prepaid expenses and deposits	2,840	4,450
GST receivable	4,524	7,059
Due from Sask Lotteries Trust Fund - Programs (Note 9)	3,779	-
	3,014,664	2,257,411
Intangible assets (Note 4)	215,504	232,801
Capital assets (Note 5)	119,130	155,501
	3,349,298	2,645,713
Liabilities		
Current		
Accounts payable and accruals	448,880	95,588
Due to Sask Lotteries Trust Fund - Operations (Note 6)	323,731	80,666
Current portion of lease inducements (Note 8)	-	14,927
Holdbacks payable (Note 9)	862,323	1,020,718
Due to Sask Lotteries Trust Fund - Programs (Note 9)	384,161	127,114
Deferred revenue (Note 10)	-	15,490
	2,019,095	1,354,503
Significant event (Note 13)		
Net Assets		
Invested in capital and intangible assets	334,634	388,302
Unrestricted	995,569	902,908
	1,330,203	1,291,210
	3,349,298	2,645,713

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, 2021

	2021	2020
Revenue		
Grants from Sask Lotteries Trust Fund for Sport, Culture and Recreation (Note 6), (Note 9)		
Program Initiatives	4,667,967	5,062,690
SaskCulture Operations	2,045,445	2,486,000
Dance Saskatchewan	155,000	50,000
Culture Days Delivery	73,495	49,546
Creative Kids Operations	45,142	59,788
	6,987,049	7,708,024
Grants from Cameco (Creative Kids Northern)	20,490	20,000
	7,007,539	7,728,024
Self-generated		
Interest	15,355	52,078
Memberships	14,138	14,393
Miscellaneous	8,400	4,079
Workshops	1,100	3,100
SICC administration (Indigenous Languages & Cultures program)	-	32,692
	38,993	106,342
Total revenue	7,046,532	7,834,366
Expenses		
Program Initiatives	4,667,967	5,062,690
SaskCulture Operations		
Salaries and benefits	1,439,322	1,672,499
Office	320,536	345,414
Amortization	106,021	131,551
Communications and marketing	70,632	73,212
Organizational	67,956	102,499
Programs and services	34,565	40,297
Travel and meetings	5,163	68,488
Board	1,250	59,051
Diversity strategy	-	28,330
Indigenous Languages Initiative	-	1,670
	2,045,445	2,523,011
Dance Saskatchewan	155,000	50,000
Culture Days Delivery	73,495	49,546
Creative Kids Operations (Note 6)	45,142	52,000
Cameco Creative Kids Northern Cultural Fund	20,490	20,000
	294,127	171,546
Total expenses	7,007,539	7,757,247
Excess of revenue over expenses	38,993	77,119

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, 2021

	<i>Invested in capital and intangible assets</i>	<i>Unrestricted</i>	2021	<i>2020</i>
Net assets beginning of year	388,302	902,908	1,291,210	1,214,091
Excess (deficiency) of revenue over expenses	(113,855)	152,848	38,993	77,119
Acquisition of capital and intangible assets	60,187	(60,187)	-	-
Net assets, end of year	334,634	995,569	1,330,203	1,291,210

The accompanying notes are an integral part of these financial statements

SaskCulture Inc.
Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	38,993	77,119
Amortization - tangible assets	56,150	79,659
Amortization - intangible assets	57,705	51,892
Amortization of lease inducements	(14,927)	(27,956)
	137,921	180,714
Changes in working capital accounts		
Accounts receivable	99,717	(94,424)
Prepaid expenses and deposits	1,610	1,518
Due from Sask Lotteries Trust Fund - Programs	(3,779)	-
GST receivable	2,535	11,743
Accounts payable and accruals	353,292	(225,564)
Due to Sask Lotteries Trust Fund - Operations	243,065	80,666
Holdbacks payable	(158,395)	796,983
Deferred revenue	(15,490)	15,490
Due to Sask Lotteries Trust Fund - Programs	257,047	9,266
	917,523	776,392
Investing		
Purchase of capital assets	(19,779)	(23,905)
Purchase of intangible assets	(40,408)	(41,499)
	(60,187)	(65,404)
Increase in cash resources	857,336	710,988
Cash resources and short-term investments, beginning of year	2,146,185	1,435,197
Cash resources and short-term investments, end of year	3,003,521	2,146,185

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 Sask 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 and intangible 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. Intangible assets are recorded at cost.

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
Web Pages	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.

2. Significant accounting policies *(Continued from previous page)*

Program initiatives

SaskCulture delivers certain funding programs for the cultural community, the majority of which comes from Sask 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 0.20% to 0.30% (2020 - 0.20% to 0.60%).

	2021	2020
Cash	381,016	387,919
Short-term investments	2,622,505	1,758,266
	3,003,521	2,146,185

4. Intangible assets

Intangible assets includes a database used to record program funding and applications. Additions of \$40,408 (2020 - \$41,499) were incurred during the year. Amortization of \$57,705 (2020 - \$51,892), 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, 2021

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Computer equipment and software	370,053	358,846	11,207	11,706
Office equipment	452,739	393,118	59,621	80,080
Leasehold improvements	226,299	225,544	755	16,538
Web Pages	67,097	19,550	47,547	47,177
	1,116,188	997,058	119,130	155,501

6. Operations trust grant

	<i>Grants received</i>	<i>Grants recorded as revenue</i>	<i>Grants returned (receivable)</i>	<i>Grants returned (receivable) prior year</i>	<i>Balance, March 31, 2021</i>
Sask Lotteries Trust Fund for Sport, Culture and Recreation Operational					
Global Funding	2,287,813	2,045,445	-	-	242,368
Creative Kids Operations	100,000	43,142	-	-	54,858
Culture Days Delivery	100,000	73,495	-	-	26,505
	2,487,813	2,162,082	-	-	323,731

The Sask 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, 2021, \$323,731 (2020 - \$80,666) of the Trust monies have not been spent and therefore have been recorded as owing to Sask Lotteries Trust Fund for Sport, Culture and Recreation.

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 2021 was \$91,264 (2020 - \$99,492).

8. Commitments and lease inducements

SaskCulture has a building-operating lease with annual payments of \$82,605 (2020 - \$42,883) which expires in January 2031. Upon signing the original lease, SaskCulture received lease inducements of \$195,440 which was amortized over the ten year term of the lease. Additional lease inducements of \$50,472 was received on April 1, 2015 which was amortized over the remaining portion of the original lease. All leasehold inducements have been fully amortized as of January 2021.

	<i>2021</i>	<i>2020</i>
Lease inducements	-	14,927
Less: current portion	-	(14,927)
	-	-

Current period amortization is \$14,927 (2020 - \$27,956) which has been charged against office rent expense.

SaskCulture Inc.
Notes to the Financial Statements
For the year ended March 31, 2021

9. Program initiatives - grants

	<i>Prior period grants returned</i>	<i>Grants received</i>	<i>Grants recorded as revenue</i>	<i>Balance receivable from SLTF</i>	<i>Balance to be returned to SLTF</i>
Sask Lotteries Trust Fund ("SLTF") for Sport, Culture and Recreation Funded Programs					
Aboriginal Arts & Culture Leadership	17,039	300,000	218,800	-	98,239
Artists in Schools	-	225,000	225,000	-	-
Creative Kids Grant	-	265,000	265,000	-	-
Artists in Communities	-	290,000	290,000	-	-
Festivals Grant Program	-	520,000	520,000	-	-
Gallery Grant Program	-	300,000	300,000	-	-
Media Arts Grant Program	-	250,000	250,000	-	-
Métis Cultural Development Fund	23,000	100,000	89,000	-	34,000
Multicultural Initiatives Fund	32,338	404,900	404,800	-	32,438
Community Cultural Engagement and Planning	370	80,000	26,250	-	54,120
Museum Grant Program	15,101	795,601	784,247	-	26,455
SK Arts - Program Delivery	-	150,000	150,000	-	-
Cameco Creative Kids Northern Fund	5,000	35,000	3,310	-	36,690
Special Initiatives Fund - Dance	-	160,000	163,779	3,779	-
Communities of Interest (Schedule 1)	-	840,000	800,000	-	40,000
Global Functions (Schedule 2)	-	240,000	177,781	-	62,219
	92,848	4,955,501	4,667,967	3,779	384,161

Holdbacks payable of \$862,323 (2020 - \$1,020,718) 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 is comprised of \$nil (2020 - \$15,000) from the Sask Lotteries Trust Fund for Sport, Culture and Recreation for the Cameco Creative Kids Northern Cultural Fund and \$nil (2019 - \$490) of returned grants from the Cameco Creative Kids Northern Cultural Fund to be re-distributed.

11. Related party transactions

SaskCulture Inc. and Creative Kids Canada Inc. (Creative Kids) are related entities as they share the same board of directors. Included in revenue for the current year is \$20,490 (2019 - \$20,000) of grants received from Cameco (Creative Kids Northern). Included in expenses for the current year is \$265,000 (2020 - \$295,000) of grants paid directly to Creative Kids. Included in SaskCulture Inc. there is \$65,632 (2020 - \$70,000) of operating expenses paid on behalf of Creative Kids. In addition, \$22,692 (2020 - \$7,788) of intangible asset additions included in SaskCulture that have been paid for on behalf of Creative Kids. The transactions were recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Summary of Related Party Transactions

	<u>2021</u>	<u>2020</u>
Grants from Cameco (Creative Kids Northern)	\$20,490	\$20,000
Program Initiatives	265,000	295,000
Creative Kids Operations	45,142	52,000
Cameco Creative Kids Northern Cultural Fund	20,490	20,000

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 0.20% to 0.30% (2020 – 0.20% to 0.60%).

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.

Credit concentration

As at March 31, 2021, there are no member organizations in accounts receivable (2020 - one member organization accounted for 100% of accounts receivable). The Organization believes that there is no unusual exposure associated with the collection of these receivables.

13. Significant event

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization 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. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced member demand, staff shortages, and increased government regulations, all of which may negatively impact the Organization's business and financial condition.

SaskCulture Inc.
Schedule 1 – Communities of Interest
For the year ended March 31, 2021

	2021	2020
Revenue		
Sask Lotteries Trust Fund for Sport, Culture and Recreation	840,000	832,000
Expenses		
Arts	150,000	150,000
Heritage	650,000	650,000
Indigenous	-	32,000
	800,000	832,000
Excess of revenue over expenses	40,000	-

SaskCulture Inc.
Schedule 2 – Global Functions
For the year ended March 31, 2021

	2021	2020
Revenue		
Sask Lotteries Trust Fund for Sport, Culture and Recreation	240,000	255,000
Expenses		
Creative Cities Summit	-	10,000
Creative Kids Emergency Fund	300	-
Dance Saskatchewan	18,935	6,500
Eligible Organization Bonding & Liability Insurance	43,546	35,982
Emerging Cultural Organizations – RCMP Heritage Centre	50,000	100,000
Emerging Cultural Organizations – Children’s Discovery Museum/Nutrien Wonderhub	25,000	75,000
Saskatchewan Indigenous Cultural Centre	40,000	-
	177,781	227,482
Excess of revenue over expenses	62,219	27,518