

SaskCulture Inc.
Financial Statements
March 31, 2024

Management's Responsibility

To the Members 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 the Organization. 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 the Organization'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 10, 2024



To the Members members of SaskCulture Inc.:

Opinion

We have audited the financial statements of SaskCulture Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2024, 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 the Organization as at March 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 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 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 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.

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.

Regina, Saskatchewan

May 10, 2024

MNP LLP

Chartered Professional Accountants

SaskCulture Inc.
Statement of Financial Position
As at March 31, 2024

	2024	2023
Assets		
Current		
Cash and short-term investments <i>(Note 3)</i>	2,460,366	2,895,837
Accounts receivable	-	23,527
Prepaid expenses and deposits	-	2,840
GST receivable	8,564	12,744
	2,468,930	2,934,948
Intangible assets <i>(Note 4)</i>	80,183	138,182
Capital assets <i>(Note 5)</i>	123,950	116,595
	2,673,063	3,189,725
Liabilities		
Current		
Accounts payable and accruals	160,695	111,518
Due to Sask Lotteries Trust Fund - Operations <i>(Note 6)</i>	300,366	500,089
Holdbacks payable <i>(Note 8)</i>	379,847	837,624
Due to Sask Lotteries Trust Fund - Programs <i>(Note 8)</i>	207,852	290,515
	1,048,760	1,739,746
Net Assets		
Invested in capital and intangible assets	204,133	254,777
Unrestricted	1,420,170	1,195,202
	1,624,303	1,449,979
	2,673,063	3,189,725

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, 2024

	2024	2023
Revenue		
Grants from Sask Lotteries Trust Fund for Sport, Culture and Recreation (Note 6), (Note 8)		
Program Initiatives	5,953,640	6,046,945
SaskCulture Operations	2,745,365	2,363,649
Culture Days Delivery	119,982	110,758
Creative Kids Operations (Note 9)	72,287	52,504
	8,891,274	8,573,856
Tri-Level Initiative	-	96,000
Northern Youth Cultural Fund (NDSCR)	-	2,463
	8,891,274	8,672,319
Self-generated		
Interest	155,007	68,054
Memberships	13,943	14,125
Miscellaneous	5,374	5,554
Workshops	-	480
	174,324	88,213
Total revenue	9,065,598	8,760,532
Expenses		
Program Initiatives	5,953,640	6,046,945
SaskCulture Operations		
Salaries and benefits	1,879,290	1,572,369
Office	381,170	337,039
Organizational	108,858	123,895
Amortization	98,611	96,910
Communications and marketing	85,976	70,260
Programs and services	85,151	66,189
Travel and meetings	65,894	41,242
Board	38,433	28,544
Diversity strategy	1,982	27,201
	2,745,365	2,363,649
Culture Days Delivery (Note 6)	119,982	110,758
Creative Kids Operations (Note 6) (Note 9)	72,287	52,504
Tri-Level Initiative	-	96,000
Northern Youth Cultural Fund (NDSCR)	-	2,463
	192,269	261,725
Total expenses	8,891,274	8,672,319
Excess of revenue over expenses	174,324	88,213

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, 2024

	<i>Invested in capital and intangible assets</i>	<i>Unrestricted</i>	<i>2024</i>	<i>2023</i>
Net assets, beginning of year	254,777	1,195,202	1,449,979	1,361,766
(Deficiency) excess of revenue over expenses	(98,611)	272,935	174,324	88,213
Acquisition of capital and intangible assets	47,967	(47,967)	-	-
Net assets, end of year	204,133	1,420,170	1,624,303	1,449,979

The accompanying notes are an integral part of these financial statements

SaskCulture Inc.
Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	174,324	88,213
Amortization - tangible assets	30,281	29,614
Amortization - intangible assets	68,330	67,296
	272,935	185,123
Changes in working capital accounts		
Accounts receivable	23,527	(21,687)
GST receivable	4,180	(9,656)
Prepaid expenses and deposits	2,840	-
Accounts payable and accruals	49,176	(22,064)
Due to Sask Lotteries Trust Fund - Operations	(199,722)	294,564
Holdbacks payable	(457,777)	(182,111)
Deferred revenue	-	(75,000)
Due to Sask Lotteries Trust Fund - Programs	(82,663)	(49,217)
	(387,504)	119,952
Investing		
Purchase of capital assets	(37,636)	(41,577)
Purchase of intangible assets	(10,331)	(23,530)
	(47,967)	(65,107)
Increase (decrease) in cash resources	(435,471)	54,845
Cash resources and short-term investments, beginning of year	2,895,837	2,840,992
Cash resources and short-term investments, end of year	2,460,366	2,895,837

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

SaskCulture Inc. (the "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 in 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 over 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 financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. 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 excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

All related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

Financial instruments that were initially measured at cost are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether there are any impairment indicators in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; 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 revenues over expenses.

SaskCulture Inc.
Notes to the Financial Statements
For the year ended March 31, 2024

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

Financial instruments *(Continued from previous page)*

The Organization 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 excess of revenues 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 0.25% to 4.95% (2023 - 0.25% to 4.00%).

	2024	2023
Cash	272,793	447,645
Short-term investments	2,187,573	2,448,192
	2,460,366	2,895,837

4. Intangible assets

Intangible assets includes a database used to record program funding and applications. Additions of \$10,331 (2023 - \$23,530) were incurred during the year. Amortization of \$68,329 (2023 – \$67,296), related to intangible assets with definite lives, is included in current year earnings.

5. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer equipment and software	370,053	370,053	-	-
Office equipment	492,582	442,741	49,841	54,494
Leasehold improvements	226,299	226,299	-	-
Web pages	124,318	50,209	74,109	62,101
	1,213,252	1,089,302	123,950	116,595

SaskCulture Inc.
Notes to the Financial Statements
For the year ended March 31, 2024

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, 2024</i>
Sask Lotteries Trust Fund for Sport, Culture and Recreation Operational					
Global Funding	3,018,000	2,745,365	-	-	272,635
Creative Kids Operations	100,000	72,287	-	-	27,713
Culture Days Delivery	120,000	119,982	-	-	18
	3,238,000	2,937,634			300,366

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, 2024, \$300,366 (2023 - \$500,089) 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 2024 was \$114,881 (2023 - \$93,573).

8. **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	7,436	420,000	398,535	-	28,901
Artists in Communities	-	305,000	305,000	-	-
Artists in Schools	-	285,000	285,000	-	-
Building Arts Equity	-	100,000	100,000	-	-
Communities of Interest (Schedule 1)	-	997,000	977,000	-	20,000
Creative Kids Grant	-	500,000	500,000	-	-
Northern Youth Cultural Fund	-	85,000	68,750	-	16,250
Community Cultural Engagement & Planning	31,250	50,000	50,000	-	31,250
Festivals Grant Program	-	660,000	660,000	-	-
Gallery Grant Program	-	315,000	315,000	-	-
Global Functions (Schedule 2)	-	40,000	20,000	-	20,000
Media Arts Grant	-	262,500	262,500	-	-
Métis Cultural Development Fund	13,842	200,000	177,873	-	35,969
Multicultural Initiatives Fund	24,464	595,000	595,000	-	24,464
Museums Grant Program	-	810,000	809,700	-	300
Share & Connect Grant	-	120,000	120,000	-	-
SK Arts Program Delivery	-	160,000	160,000	-	-
Special Initiatives Fund	-	100,000	89,282	-	10,718
Small Grant Accessibility Program	-	80,000	60,000	-	20,000
	76,992	6,084,500	5,953,640	-	207,852

Holdbacks payable of \$379,847 (2023 - \$837,624) represents the outstanding balance of grants due to be paid upon receipt of completed follow-up reports from grant recipients.

9. 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 are grants from Sask Lotteries Trust Fund for Creative Kids Operations in the amount of \$72,287. Included in expenses for the current year are \$500,000 (2023 - \$365,000) of grants paid directly to Creative Kids. Included in SaskCulture Inc. there are \$72,287 (2023 - \$52,504) of operating expenses paid on behalf of Creative Kids. In addition, \$nil (2023 - \$9,060) 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>2024</u>	<u>2023</u>
Grants received for Creative Kids	\$72,287	\$52,504
Creative Kids Operations	72,287	52,504
Grants received	500,000	500,000

10. Commitments

SaskCulture is committed to a lease agreement with estimated minimum annual payments as follows:

2025	86,735
2026	96,373
2027	96,373
2028	96,373
2029	96,373

11. 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 0.25% to 4.95% (2023 – 0.25% to 4.00%).

Liquidity risk

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

Credit concentration

As at March 31, 2024, no member organizations (2023 - one) accounted for 0% (2023 - 100%) of the accounts receivable. The Organization believes that there is no unusual exposure associated with the collection of these receivables.

SaskCulture Inc.
Schedule 1 – Communities of Interest
For the year ended March 31, 2024

	2024	2023
Revenue		
Sask Lotteries Trust Fund for Sport, Culture and Recreation	997,000	1,147,000
Expenses		
Arts	270,000	260,000
Heritage	687,000	667,000
Indigenous	20,000	100,000
	977,000	1,027,000
Excess of revenue over expenses	20,000	120,000

SaskCulture Inc.
Schedule 2 – Global Functions
For the year ended March 31, 2024

	2024	2023
Revenue		
Sask Lotteries Trust Fund for Sport, Culture and Recreation	40,000	100,000
Expenses		
Common Weal	20,000	-
Chief Poundmaker Museum	-	3,750
Eligible Organization Bonding & Liability Insurance	-	78,111
	20,000	81,861
Excess of revenue over expenses	20,000	18,139