

**SaskCulture Inc.**  
**Financial Statements**  
*March 31, 2019*

## Management's Responsibility

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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 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 15, 2019



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# Independent Auditor's Report

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To the of SaskCulture Inc.:

## Opinion

We have audited the financial statements of SaskCulture Inc., which comprise the statement of financial position as at March 31, 2019, 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, 2019, 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.
- 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, 2019

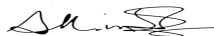
*MNP LLP*

Chartered Professional Accountants

**SaskCulture Inc.**  
**Statement of Financial Position**  
*As at March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current</b>		
Cash and short-term investments <i>(Note 3)</i>	1,435,197	1,640,443
Accounts receivable	5,293	37,744
Prepaid expenses and deposits	5,968	19,772
GST receivable	18,802	16,152
	<b>1,465,260</b>	<b>1,714,111</b>
<b>Intangible assets</b> <i>(Note 4)</i>	<b>243,194</b>	<b>259,111</b>
<b>Capital assets</b> <i>(Note 5)</i>	<b>211,255</b>	<b>234,695</b>
	<b>1,919,709</b>	<b>2,207,917</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	321,152	61,379
Due to Saskatchewan Lotteries Trust Fund - Operations <i>(Note 6)</i>	-	21,854
Holdbacks payable <i>(Note 9)</i>	223,735	911,583
Deferred revenue <i>(Note 10)</i>	-	15,000
Due to Saskatchewan Lotteries Trust Fund - Programs <i>(Note 9)</i>	117,848	164,550
Current portion of lease inducements <i>(Note 8)</i>	27,956	27,956
	<b>690,691</b>	<b>1,202,322</b>
<b>Lease inducements</b> <i>(Note 8)</i>	<b>14,927</b>	<b>42,883</b>
	<b>705,618</b>	<b>1,245,205</b>
<b>Net Assets</b>		
Invested in capital and intangible assets	454,449	493,807
Unrestricted	759,642	468,905
	<b>1,214,091</b>	<b>962,712</b>
	<b>1,919,709</b>	<b>2,207,917</b>

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, 2019

	2019	2018
<b>Revenue</b>		
<b>Grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation</b> (Note 6), (Note 9)		
Program Initiatives	4,987,706	4,956,193
SaskCulture Operations	2,509,800	2,413,850
Creative Kids Operations	150,000	150,000
Culture Days Operations	60,000	58,146
	7,707,506	7,578,189
Grants from Canadian Heritage (Canada 150)	139,157	260,843
Grants from Cameco (Creative Kids Northern)	35,000	30,262
Grants from Ministry of Parks, Culture and Sport (Main Street Program)	(1,716)	-
	7,879,947	7,869,294
<b>Self-generated</b>		
SICC Aboriginal Language Initiative program administration	71,646	-
Interest	46,890	24,175
Memberships	15,263	16,050
Workshops	4,950	6,095
Miscellaneous	1,773	21,325
Benefit plan administration	251	6,341
Main Street program administration	-	12,500
	140,773	86,486
<b>Total revenue</b>	<b>8,020,720</b>	<b>7,955,780</b>
<b>Expenses</b>		
Program Initiatives	4,987,706	5,011,243
Salaries and benefits	1,689,622	1,565,784
Office	299,861	289,674
Creative Kids Operations	150,000	150,000
Amortization	121,952	113,084
Communications and marketing	86,115	72,244
Organizational	83,691	79,223
Programs and services	73,878	40,610
Travel and meetings	61,743	49,937
Board	54,571	55,053
Culture Days Delivery	60,000	58,146
Diversity strategy	49,216	49,073
Cameco	35,000	30,262
Canadian Heritage (Canada 150)	12,499	360,011
Aboriginal Language Initiative	3,487	-
	7,769,341	7,924,344
<b>Total expenses</b>	<b>7,769,341</b>	<b>7,924,344</b>
<b>Excess of revenue over expenses</b>	<b>251,379</b>	<b>31,436</b>

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, 2019*

	<i>Invested in capital and intangible assets</i>	<i>Unrestricted</i>	<b>2019</b>	<i>2018</i>
<b>Net assets beginning of year</b>	<b>493,807</b>	<b>468,905</b>	<b>962,712</b>	931,276
<b>Excess (deficiency) of revenue over expenses</b>	<b>(121,952)</b>	<b>373,331</b>	<b>251,379</b>	31,436
<b>Acquisition of capital and intangible assets</b>	<b>82,594</b>	<b>(82,594)</b>	-	-
<b>Net assets, end of year</b>	<b>454,449</b>	<b>759,642</b>	<b>1,214,091</b>	962,712

*The accompanying notes are an integral part of these financial statements*

**SaskCulture Inc.**  
**Statement of Cash Flows**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	251,379	31,436
Amortization - tangible assets	76,468	72,823
Amortization - intangible assets	45,484	40,261
Amortization of lease inducements	<b>(27,956)</b>	<b>(27,956)</b>
	<b>345,375</b>	116,564
Changes in working capital accounts		
Accounts receivable	32,451	23,589
Prepaid expenses and deposits	13,804	(15,681)
GST receivable	<b>(2,650)</b>	(4,931)
Accounts payable and accruals	259,772	(66,811)
Due to Saskatchewan Lotteries Trust Fund - Operations	<b>(21,854)</b>	(2,030)
Holdbacks payable	<b>(687,848)</b>	410,636
Deferred revenue	<b>(15,000)</b>	(65,262)
Due to Saskatchewan Lotteries Trust Fund - Programs	<b>(46,702)</b>	(39,809)
	<b>(122,652)</b>	356,265
<b>Investing</b>		
Purchase of capital assets	<b>(53,027)</b>	(32,552)
Purchase of intangible assets	<b>(29,567)</b>	(22,525)
	<b>(82,594)</b>	(55,077)
<b>Increase (decrease) in cash resources</b>	<b>(205,246)</b>	301,188
<b>Cash resources and short-term investments, beginning of year</b>	<b>1,640,443</b>	1,339,255
<b>Cash resources and short-term investments, end of year</b>	<b>1,435,197</b>	1,640,443

*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 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.

	<b>Rate</b>
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.

**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 1.60% to 2.00% (2018 - 0.65% to 0.80%).

	<b>2019</b>	<b>2018</b>
Cash	<b>523,194</b>	173,477
Short-term investments	<b>912,003</b>	1,466,966
	<b>1,435,197</b>	1,640,443

**4. Intangible assets**

Intangible assets includes a database used to record program funding and applications. Additions of \$29,567 (2018 - \$22,525) were incurred during the year. Amortization of \$45,484 (2018 - \$40,261), 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, 2019*

**5. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2019 Net book value</i>	<i>2018 Net book value</i>
Computer equipment and software	345,720	340,602	5,118	6,032
Office equipment	448,117	330,041	118,076	145,719
Leasehold improvements	226,299	183,766	42,533	68,528
Web Pages	52,366	6,838	45,528	14,416
	<b>1,072,502</b>	<b>861,247</b>	<b>211,255</b>	<b>234,695</b>

**6. Operational 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, 2019</i>
<b>Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation</b>					
<b>Operational</b>					
Global Funding	2,509,800	2,509,800	-	-	-
Creative Kids Operations	150,000	150,000	-	-	-
Culture Days Delivery	60,000	60,000	-	-	-
	<b>2,719,800</b>	<b>2,719,800</b>	<b>-</b>	<b>-</b>	<b>-</b>

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, 2019, \$nil (2018 - \$21,854) of the Trust monies have not been spent and therefore have been recorded as owing to 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 2019 was \$104,751 (2018 - \$97,316).

**8. Commitments and lease inducements**

SaskCulture has a building-operating lease with annual payments of \$42,883 (2018 - 42,883) 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>2019</i>	<i>2018</i>
Lease inducements	<b>42,883</b>	70,839
Less: current portion	<b>(27,956)</b>	(27,956)
	<b>14,927</b>	42,883

Current period amortization is \$27,956 (2018 - \$27,956) which has been charged against office rent expense.

**SaskCulture Inc.**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2019*

**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, 2019</i>
<b>Saskatchewan Lotteries Trust Fund ("SLTF") for Sport, Culture and Recreation Programs</b>					
Aboriginal Arts & Culture Leadership	30,080	330,000	323,997	36,083	-
Artists in Schools	-	290,000	290,000	-	-
Capacity Building Grant	-	-	-	-	-
Communities of Interest (Schedule 1)	-	780,000	780,000	-	-
Creative Kids Grant	-	250,000	250,000	-	-
Artists in Communities	-	355,000	355,000	-	-
Culture Days Funding Assistance	4,184	70,000	70,000	4,184	-
Festivals Grant Program	-	597,000	597,000	-	-
Gallery Grant Program	-	300,000	300,000	-	-
Global Functions (Schedule 2)	-	201,000	166,712	34,288	-
Media Arts Grant Program	-	250,000	250,000	-	-
Métis Cultural Development Fund	10,838	100,000	98,097	12,741	-
Multicultural Initiatives Fund	20,498	410,000	401,900	28,598	-
Community Cultural Engagement and Planning	1,285	80,000	80,000	1,285	-
Museum Grant Program	669	800,000	800,000	669	-
Saskatchewan Arts Board - Program Delivery	-	150,000	150,000	-	-
Special Initiatives Fund (Schedule 3)	-	75,000	75,000	-	-
	67,554	5,038,000	4,987,706	117,848	-

Holdbacks payable of \$223,735 (2018 - \$911,853) 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 \$nil (2018 - \$15,000) from the Department of Canadian Heritage for the current year. 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 \$350,436 (2018 - \$342,438) 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.

Summary of Related Party Transactions

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Donations	3,307	4,560
Travel	2,809	2,621
Trust Grants	251,482	305,050
Sponsorship/fundraising	425	6,640
Program Funding	88,500	19,145
Membership fees	750	4,422
Credit Card/ Banking fees	<u>3,163</u>	<u>-</u>
Total	<u>\$ 350,436</u>	<u>\$ 342,438</u>

**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 1.60% to 2.00% (2018 – 0.65% to 0.80%).

***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.