

SaskCulture Inc.
Financial Statements
March 31, 2022

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 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 13, 2022



To the 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, 2022, 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, 2022, 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 13, 2022

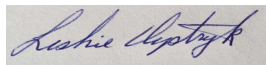
MNP LLP

Chartered Professional Accountants

SaskCulture Inc.
Statement of Financial Position
As at March 31, 2022

	2022	2021
Assets		
Current		
Cash and short-term investments (Note 3)	2,840,992	3,003,521
Accounts receivable	1,840	-
Prepaid expenses and deposits	2,840	2,840
GST receivable	3,088	4,524
Due from Sask Lotteries Trust Fund - Programs (Note 8)	-	3,779
	2,848,760	3,014,664
Intangible assets (Note 4)	181,948	215,504
Capital assets (Note 5)	104,632	119,130
	3,135,340	3,349,298
Liabilities		
Current		
Accounts payable and accruals	133,580	448,880
Due to Sask Lotteries Trust Fund - Operations (Note 6)	205,525	323,731
Holdbacks payable (Note 8)	1,019,735	862,323
Due to Sask Lotteries Trust Fund - Programs (Note 8)	339,732	384,161
Deferred revenue (Note 9)	75,000	-
	1,773,572	2,019,095
Net Assets		
Invested in capital and intangible assets	286,579	334,634
Unrestricted	1,075,189	995,569
	1,361,768	1,330,203
	3,135,340	3,349,298

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, 2022

	2022	2021
Revenue		
Grants from Sask Lotteries Trust Fund for Sport, Culture and Recreation (Note 6), (Note 8)		
Program Initiatives	5,047,974	4,667,967
SaskCulture Operations	2,102,104	2,045,445
Dance Saskatchewan	400,000	155,000
Creative Kids Operations	84,123	45,142
Culture Days Delivery	82,248	73,495
	7,716,449	6,987,049
Creative Kids Northern Cultural Fund	2,412	20,490
	7,718,861	7,007,539
Self-generated		
Memberships	14,670	14,138
Interest	11,566	15,355
Workshops	3,100	1,100
Miscellaneous	2,229	8,400
	31,565	38,993
Total revenue	7,750,426	7,046,532
Expenses		
Program Initiatives	5,047,974	4,667,967
SaskCulture Operations		
Salaries and benefits	1,476,701	1,439,322
Office	288,011	320,536
Organizational	92,785	67,956
Amortization	92,291	106,021
Communications and marketing	60,027	70,632
Programs and services	61,059	34,565
Travel and meetings	21,865	5,163
Diversity strategy	4,800	-
Board	4,565	1,250
	2,102,104	2,045,445
Dance Saskatchewan	400,000	155,000
Creative Kids Operations (Note 6)	84,123	45,142
Culture Days Delivery (Note 6)	82,248	73,495
Creative Kids Northern Cultural Fund	2,412	20,490
	557,281	294,127
Total expenses	7,718,861	7,007,539
Excess of revenue over expenses	31,565	38,993

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, 2022

	<i>Invested in capital and intangible assets</i>	<i>Unrestricted</i>	2022	<i>2021</i>
Net assets beginning of year	334,634	995,569	1,330,203	1,291,210
(Deficiency) excess of revenue over expenses	(101,440)	133,005	31,565	38,993
Acquisition of capital and intangible assets	53,385	(53,385)	-	-
Net assets, end of year	286,579	1,075,189	1,361,768	1,330,203

The accompanying notes are an integral part of these financial statements

SaskCulture Inc.
Statement of Cash Flows
For the year ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	31,565	38,993
Amortization - tangible assets	32,349	56,150
Amortization - intangible assets	69,091	57,705
Amortization of lease inducements	-	(14,927)
	133,005	137,921
Changes in working capital accounts		
Accounts receivable	(1,840)	99,717
Prepaid expenses and deposits	-	1,610
Due from Sask Lotteries Trust Fund - Programs	3,779	(3,779)
GST receivable	1,436	2,535
Accounts payable and accruals	(315,300)	353,292
Due to Sask Lotteries Trust Fund - Operations	(118,206)	243,065
Holdbacks payable	157,412	(158,395)
Deferred revenue	75,000	(15,490)
Due to Sask Lotteries Trust Fund - Programs	(44,430)	257,047
	(109,144)	917,523
Investing		
Purchase of capital assets	(17,850)	(19,779)
Purchase of intangible assets	(35,535)	(40,408)
	(53,385)	(60,187)
(Decrease) increase in cash resources	(162,529)	857,336
Cash resources and short-term investments, beginning of year	3,003,521	2,146,185
Cash resources and short-term investments, end of year	2,840,992	3,003,521

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.

Impact of COVID-19

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. The Organization was impacted due to travel restrictions, business closures or disruptions, and quarantine/isolation measures that were put in place by Canada and other countries to fight the virus.

While the extent of the of continued impact is unknown, the Organization has a decrease in operating expenses due to work from home operations and is seeing an increase in program applications from organizations.

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.

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

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 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.

SaskCulture Inc.
Notes to the Financial Statements
For the year ended March 31, 2022

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 0.45% (2021 - 0.20% to 0.30%).

	2022	2021
Cash	307,678	381,016
Short-term investments	2,533,314	2,622,505
	2,840,992	3,003,521

4. Intangible assets

Intangible assets includes a database used to record program funding and applications. Additions of \$35,535 (2021 - \$40,408) were incurred during the year. Amortization of \$69,091 (2021 - \$57,705), related to intangible assets with definite lives, is included in current year earnings.

5. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment and software	370,053	366,957	3,096	11,207
Office equipment	455,291	408,361	46,930	59,621
Leasehold improvements	226,299	226,299	-	755
Web Pages	82,395	27,789	54,606	47,547
	1,134,038	1,029,406	104,632	119,130

6. Operations trust grant

	Grants received	Grants recorded as revenue	Grants returned (receivable)	Grants returned (receivable) prior year	Balance, March 31, 2022
Sask Lotteries Trust Fund for Sport, Culture and Recreation Operational					
Global Funding	2,274,000	2,102,104	-	-	171,896
Creative Kids Operations	100,000	84,123	-	-	15,877
Culture Days Delivery	100,000	82,248	-	-	17,752
	2,474,000	2,268,475	-	-	205,525

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, 2022, \$205,525 (2021 - \$323,731) 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 2022 was \$93,269 (2021 - \$91,264).

SaskCulture Inc.
Notes to the Financial Statements
For the year ended March 31, 2022

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	14,300	275,000	275,000	-	14,300
Artists in Schools	-	225,000	225,000	-	-
Creative Kids Grant	-	365,000	365,000	-	-
Creative Kids Northern Fund	7,000	60,000	60,000	-	7,000
Artists in Communities	-	290,000	290,000	-	-
Festivals Grant Program	-	535,000	535,000	-	-
Gallery Grant Program	-	300,000	300,000	-	-
Media Arts Grant Program	-	250,000	250,000	-	-
Métis Cultural Development Fund	1,694	120,000	119,002	-	2,692
Multicultural Initiatives Fund	63,778	425,000	407,200	-	81,578
Community Cultural Engagement and Planning	-	80,000	35,000	-	45,000
Museum Grant Program	34,738	800,000	800,000	-	34,738
SK Arts - Program Delivery	-	155,000	155,000	-	-
Special Initiatives Fund - Dance	-	176,196	176,196	-	-
Special Initiatives Fund - Arts & Culture	-	68,500	-	-	68,500
Communities of Interest (Schedule1)	-	1,041,500	970,500	-	71,000
Global Functions (Schedule 2)	-	100,000	85,076	-	14,924
	121,510	5,266,196	5,047,974	-	339,732

Holdbacks payable of \$1,019,735 (2021 - \$862,323) represents the outstanding balance of grants due to be paid upon receipt of completed follow-up reports from grant recipients.

9. Deferred revenue

Deferred revenue is comprised of \$75,000 (2021 - \$nil) for the Arts & Culture Marketing Campaign.

10. 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 \$2,412 (2021 - \$20,490) of grants received for the Creative Kids Northern Cultural Fund. Included in expenses for the current year is \$365,000 (2021 - \$265,000) of grants paid directly to Creative Kids. Included in SaskCulture Inc. there is \$86,535 (2021 - \$74,949) of operating expenses paid on behalf of Creative Kids. In addition, \$13,151 (2021 - \$22,692) 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>2022</u>	<u>2021</u>
Creative Kids Northern Cultural Fund Expense	\$2,412	\$20,490
Program Initiatives	365,000	265,000
Creative Kids Operations	84,123	54,459

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 0.20% to 0.45% (2021 – 0.20% to 0.30%).

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, 2022, there are no member organizations in accounts receivable (2021 - no member organization in 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, 2022

	2022	2021
Revenue		
Sask Lotteries Trust Fund for Sport, Culture and Recreation	1,041,500	840,000
Expenses		
Arts	160,000	150,000
Heritage	650,000	650,000
Indigenous	160,500	-
	970,500	800,000
Excess of revenue over expenses	71,000	40,000

SaskCulture Inc.
Schedule 2 – Global Functions
For the year ended March 31, 2022

	2022	2021
Revenue		
Sask Lotteries Trust Fund for Sport, Culture and Recreation	100,000	240,000
Expenses		
Chief Poundmaker Museum	3,750	-
Creative Kids Emergency Fund	-	300
Dance Saskatchewan	-	18,935
Eligible Organization Bonding & Liability Insurance	63,326	43,546
Emerging Cultural Organizations – RCMP Heritage Centre	-	50,000
Emerging Cultural Organizations – Children’s Discovery Museum/Nutrien Wonderhub	-	25,000
Micro-grant Pilot Program SGAP	18,000	-
Saskatchewan Indigenous Cultural Centre	-	40,000
	85,076	177,781
Excess of revenue over expenses	14,924	62,219